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Report on Financial Literacy Training and Support Available to Military Spouses

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INTRODUCTION

The Department of Defense (DoD) submits this report in response to section 580H of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2020 (Public Law 116-92). Section 580H(a) requires the Under Secretary of Defense for Personnel and Readiness to report to the Committees on Armed Services of the Senate and the House of Representatives on (1) “financial literacy programs currently designed specifically for military spouses” and (2) “efforts to evaluate the effectiveness of financial literacy programs.”

The Department recognizes that the availability of support resources for military spouses is an important component of financial readiness, which contributes to family readiness, mission readiness, and retention. To prepare this report, the Department surveyed and reviewed financial literacy programs and resources designed for military spouses, additional programs and resources available to spouses, and efforts to ensure such programs and resources provide effective support. Military spouses have access to a variety of programs, including educational resources and counseling provided by the Military Services and the Office of the Secretary of Defense, to support financial literacy.

In accordance with section 580H(b), this report will be made publicly available on the Office of the Under Secretary of Defense for Personnel and Readiness (OUSD(P&R)) Office of Financial Readiness website at <https://finred.usalearning.gov>.

(1) FINANCIAL LITERACY PROGRAMS

The Government Accountability Office defines financial literacy as “the ability to use knowledge and skills to manage financial resources effectively.”¹ Financial literacy programs required by Congress are found in 10 U.S.C. § 992. Specifically, section 992(b) requires the Secretaries of the Military Departments to provide counseling on financial services upon request, to Service members and spouses. Section 992(e) defines “financial services” to include the following: “(1) life insurance, casualty insurance, and other insurance; (2) investments in securities or financial instruments; (3) banking, credit, loans, deferred payment plans, and mortgages; (4) health insurance, budget management, Thrift Savings Plan (TSP), retirement lump sum payments (including rollover options and tax consequences), and Survivor Benefit Plan (SBP).” The Department provides financial counseling support, as required, plus additional financial education resources through various methods in support of the financial literacy of spouses. These efforts are aligned with topics identified in section 992(e), as well as other financial topics relevant to the military community.

Financial Counseling

The Department provides personal, professional financial counseling to Service members and spouses as required by section 992(b) through a number of resources. Financial counseling and education helps Service members and spouses develop knowledge and skills to make informed financial decisions, respond to financial challenges, and achieve financial goals, including planning for retirement. The Military Services employ approximately 400 Personal Financial Managers (PFMs) at installations around the world. PFMs provide unbiased financial counseling and education responsive to the unique needs of individual Service members and spouses. The OUSD(P&R) Office of Financial Readiness provides additional support through a highly flexible, contracted network of more than 300 nationally accredited Personal Financial Counselors (PFCs). PFCs augment PFMs at military installations, as well as provide support to populations geographically separated from installations, such as recruiters and National Guard and Reserve families, through telephonic, virtual, and in-person counseling. This includes on-demand support for the unique needs of National Guard and Reserve families, such as drill weekends, annual training, family events, and pre-deployment preparation.

Service members and spouses also have access to free and confidential telephonic, virtual, or in-person financial and tax counseling from Military OneSource, the Department’s 24/7 support call center and website (<https://www.militaryonesource.com>). Military OneSource provides an additional valuable resource for Service members and spouses to access personal support from any location at their convenience.

Regardless of the source of financial counseling, Service members and spouses can receive personal support with general financial management topics such as money management, financial management, saving and investing, and making informed consumer choices, including consumer credit, as well as financial topics specific to military life, including benefits,

¹ “Financial Literacy: The Role of the Workplace (GAO-15-639SP),” Government Accountability Office (July 2015).

compensation, and retirement planning. All financial counselors are qualified consistent with applicable laws and DoD policy; they possess a bachelor's degree or a combination of education and experience, and must maintain a nationally-recognized financial counseling certification. Such certification ensures these professionals possess a consistent standard of knowledge and skills necessary to support Service members and spouses.

In addition to providing personal support, financial counselors collaborate with other family readiness system programs to ensure awareness of available financial counseling and to integrate with and provide referrals to other support services when appropriate. For example, military and family support center orientation sessions, attended by Service members and their families when arriving at a new duty station, provide information and awareness of available support resources such as financial counseling, higher education opportunities, spouse employment, relocation assistance, and family advocacy.

Approximately 60,000 spouses participated in financial counseling sessions during FY 2019. The flexible delivery methods offered by PFMs, PFCs, and Military OneSource ensure all spouses have access to personal, professional support.

Financial Education Resources

While the Department cannot require spouses to complete financial education or training, it strives to make such education and resources widely available in a number of formats so spouses have easy access to information and resources to meet their needs. Installation-based PFMs and PFCs regularly offer educational workshops, briefings, and seminars on a variety of financial topics based on the particular needs and interests of their local population. In FY 2019, more than 25,000 spouses participated in such events, which are advertised on installation websites, social media, and other information sources, such as family readiness groups and spouse networks. In addition to installation-based efforts, the Department has long provided articles, blogs, and learning modules on basic personal finance and tax topics via the Military OneSource website, so spouses can access financial literacy education among a wide variety of support resources and information.

DoD efforts have also traditionally focused on supplementing installation classes and workshops at key points of need for spouses during the military lifecycle. For example, the Yellow Ribbon Reintegration Program provides resources and support for National Guard and Reserve families during the deployment cycle, including information on associated financial and legal benefits, and connects them with DoD financial counselors and available community support resources based on their specific needs. The Transition Assistance Program provides training and resources for Service members preparing to transition from military and civilian life. In accordance with 10 U.S.C. § 1142, spouses are encouraged to participate so they can understand the important financial considerations surrounding transition and the range of available resources.

In recent years, as part of a renewed focus on financial readiness supported by Congress in the NDAA for FY 2016 (Public Law 114-92), the Department developed and launched several openly available, innovative learning approaches, responsive to the educational needs and

preferences of both Service members and spouses. These efforts are aligned with financial literacy education best practices and designed with three key concepts in mind: training should be “just enough” by providing smaller, easily understandable pieces of content; “just in time” with relevant information provided at the time of need; and “just for me” content tailored to needs of the individual learner. These approaches help the Department mitigate potential barriers to participation and engagement, by providing means to access information and resources when it is convenient for them.

In July 2019, the OUSD(P&R) Office of Financial Readiness launched a publicly-available, dedicated financial readiness website (<https://finred.usalearning.gov>) to provide a central source for Service members and spouses to access a vast collection of materials, articles, and other resources to support their financial education needs. The website includes hundreds of educational resources to address military family needs at all stages of the military lifecycle, aligned under key topics including benefits, money management, savings and investment, financial planning, consumer protections, and housing. These resources include articles, factsheets, infographics, links to additional resources from federal departments and agencies, and a series of short, informal “microlearning” video modules intended to help Service members and spouses understand financial considerations throughout the military lifecycle. These videos provide key learning objectives at appropriate points in time, such as unique financial considerations when preparing for deployment. These efforts are reinforced and amplified by providing educational content and resources via social media that puts information in front of more Service members and spouses.

In collaboration with the Office of Personnel Management’s USALearning program, in March 2020, the Department launched Sen\$e, a financial literacy mobile learning application, as an additional resource for Service members and spouses to access educational information. The application provides content adaptable to a user’s changing life circumstances and enables access to interactive, on-demand financial literacy resources. It is free and publicly available from the Apple Store and Google Play platforms so users can access it on their own devices at their convenience.

In May 2020, the Department launched the MilSpouse Money Mission website (<https://www.milspousemoneymission.org>), as an official DoD resource. MilSpouse Money Mission is a financial education resource designed specifically to engage, educate, and empower military spouses by providing relatable and trusted information. The website offers spouses a variety of accessible, unbiased educational resources spouses can use to improve knowledge and skills to make financial decisions in support of their families’ financial well-being and financial goals. These include a series of in-depth modules on key financial topics, such as budgeting, credit, debt, insurance, saving and investing, identity protection, major purchases, education, estate planning, and retirement planning. Another series of educational modules focuses on key points of the military lifecycle so spouses can understand how military career changes impact family finances so they can plan ahead and make smart financial decisions. Through these and a variety of other resources including blogs, articles, links, calculators, and social media platforms, MilSpouse Money Mission intends to create a community for spouses and help them know where to turn for trusted financial education.

MilSpouse Money Mission builds on the previous dedicated efforts to improve spouse awareness, understanding, and involvement in retirement planning as the military transitioned to the Blended Retirement System (BRS) in 2018. The Department understood that spouses play an important role in the decision-making process of the new retirement system that would require family financial decisions not required in the military's traditional pension-only retirement, such as Thrift Savings Plan contributions and allocations, continuation pay, and lump sum payments. In response, the Department developed dedicated resources for spouses, including a series of short videos for spouses of new Service members under BRS; made dozens of resources openly available on DoD websites, such as the BRS opt-in training course, as well as for sharing by military community support organizations; and encouraged Service members to discuss and consider their options with their spouses.

(2) EVALUATION

The Department takes several steps to ensure its financial literacy programs are effective in their intended outcomes. Programs are designed to be consistent with commonly-accepted best practices for financial education. Additionally, the Department strives to understand the interests, needs, and engagement preferences of military spouses, through a variety of methods, so it can continue to provide programs, resources, and educational content that is responsive to their needs.

Best Practices

By delivering financial literacy programs consistent with recognized financial education best practices, the Department ensures its efforts are effective and responsive to the needs of military spouses. The best practices described in this section are common in the field of financial education and recommended by federal agencies and departments, including the Consumer Financial Protection Bureau,² Government Accountability Office,³ and Financial Literacy and Education Commission.⁴

Know the individual to be served. Financial education should be appropriate to the particular circumstances and needs of the audience. This requires understanding the demographic context of the audience as well as their needs and motivations. Through efforts described later in this section, the Department assesses the financial education needs and preferences of military spouses. This compliments recurring DoD scientific surveys of Service members and spouses conducted by the Department's Office of People Analytics, which include questions related to financial well-being.

Provide actionable, relevant, and timely information. Individuals are more amenable to “just-in-time” information that is connected to an upcoming decision and provided when they can directly apply the knowledge to the decision. Many of the financial literacy programs for spouses focus on key decision-making points during the military lifecycle so that spouses have actionable, relevant, and timely information to respond to these personal and professional events.

Improve key financial skills. Financial literacy education that develops the following skills goes beyond knowledge of financial products and services and allows individuals to put knowledge to use: (1) knowing when and how to find information to make a financial decision; (2) knowing how to interpret information to support decision-making; and, (3) having the skills and confidence to act and implement a decision. All DoD financial literacy programs are designed to help participants develop knowledge and skills to take independent action. This includes where to find additional support, whether that is a DoD financial counselor, another federal agency or department, or community resources.

² “Effective Financial Education: Five Principles and How to Use Them,” Consumer Financial Protection Bureau (June 2017).

³ “Financial Literacy: The Role of the Workplace (GAO-15-639SP),” Government Accountability Office (July 2015).

⁴ “Best Practices for Financial Literacy and Education at Institutions of Higher Learning,” Financial Literacy and Education Commission (2019).

Build on motivation. Individuals motivated by values, interests, or goals are more likely to engage in financial literacy education. Effective education should link knowledge and skills to achieving desired financial goals. DoD financial literacy programs are guided by the financial goals and interests of spouses, determined through a number of methods, to build on motivation to achieve these goals.

Make it easy to make good decisions and follow through. Program design and processes can help individuals implement positive financial behaviors. This includes making it easier for individuals to access financial education, such as through the workplace, education, or public services, or by presenting it alongside the use of financial products. Educational content corresponds with specific decision-making points so spouses can identify the information most relevant to their situation and immediately follow through on their acquired knowledge as a family.

Use qualified instructors. Educators should possess both the technical knowledge and interpersonal skills to provide effective education to their audience. DoD financial counselors possess a nationally-recognized financial counselor certification, which ensures the technical knowledge necessary to provide effective education and counseling. Through a number of methods, the Department provides continuing education to ensure these professionals maintain current knowledge and skills.

Provide ongoing support. Financial literacy education is ideally an ongoing effort that allows individuals to build their knowledge and skills over time. In addition to the breadth of financial literacy programs that provide educational content covering the duration of a military career, spouses have access to one-on-one financial counseling from a network of more than 700 accredited financial counselors, as well as telephonic and virtual support.

Provide financial education in the workplace. Employers are well-suited to provide financial literacy education because they already provide information on benefits and are accessible. Employees receiving financial literacy education in the workplace are in a position to immediately act on their knowledge through benefits selections and retirement planning. While military spouses are not DoD employees, financial and benefits decisions are often family decisions. Accordingly, DoD financial literacy programs provide educational content particularly when employment-related financial decisions are made, such as deployment or a permanent change of station.

Provide unbiased information. Financial literacy education should provide unbiased information, including awareness of the pros and cons of multiple options when discussing particular financial products or services. DoD financial literacy programs adhere to the principle of providing trusted, factual, and unbiased information that Service members and spouses expect. This is consistent with the requirement in 10 U.S.C. § 992(b), that individuals providing financial education and counseling be “free from conflicts of interest relevant to the performance of duty...” The Department employs financial educators and counselors rather than financial advisors or planners, reinforcing the emphasis on helping develop the knowledge and skills

necessary to make independent financial decisions free of potential bias or commercial conflict of interest.

Research

The Department uses a number of methods to understand the interests and preferences of spouses in order to provide programs, resources, and educational content that is responsive to their needs and to determine effectiveness delivering financial literacy education.

In support of the MilSpouse Money Mission website, the Department conducted qualitative and quantitative analysis to determine educational interests in order to develop content and resources that are more effective in engaging spouses. Approximately three-fourths felt they were extremely or very informed regarding their finances, while more than two-thirds expressed interest in learning more about finances, indicating a moderately substantial level of interest in financial literacy among spouses. Spouses most commonly indicated interest in learning about retirement savings, investing, and saving in general; they prioritized learning about investing, retirement savings, and paying off debt. Spouses were also interested in a variety of military-specific financial topics, particularly retirement, including the Thrift Savings Plan, military pensions, and other benefits; military spouse employment resources; and transition. These findings inform future DoD education efforts. For example, the Department is collaborating with the Securities and Exchange Commission to produce an educational series that will launch throughout FY 2021 in response to interest in basic investing topics.

In addition to their interests, the Department sought to better understand how spouses prefer to receive education. These findings allow the Department to design and deliver education that spouses are more likely to access, find useful, and gain knowledge from. Spouses were most interested in an online format, including online classes, articles, and blogs. When asked for the single method they were most likely to access, 50 percent indicated a mobile-friendly website on a phone or tablet, while another 31 percent indicated a website on a computer. Only six percent indicated they were most likely to visit an installation office or participate in a group setting. Indicative of potential challenges reaching military spouses, enlisted spouses were the most likely to need but least likely to use education resources. This reality influences how the Department prepares appropriate resources in response. Strategies that include convenient access, build on motivation of financial goals and key financial decisions, and are consistent with other best practices are most likely to reach their intended audience and provide effective education. The Department is planning a follow-up effort to further understand the needs and preferences of young spouses.

Title 10 U.S.C. § 992(d) requires the Department to conduct an annual survey on the financial literacy and preparedness of Service members in order to evaluate and update financial literacy training.⁵ In addition to differences between paygrade groups and Military Services, the results of this survey allow the Department to understand how the needs of military families may differ from those of single Service members. The Department also periodically conducts a survey of military spouses with similar questions related to financial well-being. In 2017, the most recent

⁵ The Department reports these results to Congress in its “Department of Defense Annual Report on the Financial Literacy and Preparedness of Members of the Armed Forces” as directed in section 992(d).

year in which both surveys were conducted, results for active duty married Service members and spouses related to their financial well-being and behaviors were largely consistent.⁶ Questions on both surveys determine the most common financial goals of both Service members and spouses, which the Department uses to develop educational content building on motivation to achieve these goals. The most commonly identified goals were saving for retirement (90 percent spouses; 91 percent Service members); saving for an emergency (81 percent spouses; 79 percent Service members); and paying off debt (76 percent spouses; 79 percent Service members). The more recent MilSpouse Money Mission analysis reinforces these findings, which together provide direction for the Department in developing financial literacy education that will be more effective in engaging spouses.

Survey results also indicate spouses most commonly preferred to learn about support programs and services via online sources, including email, social media, and websites. It also provides data on resources spouses used in the past 12 months, which can help the Department understand where spouses are more likely to access information in general. For example, 21 percent indicated information and support provided by their spouse's unit; 13 percent used in-person counseling; 11 percent used military spouse support groups; and 10 percent used military family support groups. Specific to personal support with their finances, five percent indicated using in-person support, while four percent used online support.

While the Department uses these methods to understand the broader military spouse population in order to develop more effective financial literacy education, the Military Services use additional methods to guide their specific efforts, particularly at the installation level. These include needs assessments, service evaluations, and direct feedback to understand the effectiveness of their programs and respond more specifically to the needs of a particular installation's spouse population.

⁶ 2017 Survey of Active Duty Spouses; 2017 Status of Forces Survey of Active Component Members.

CONCLUSION

Section 580H of the NDAA for FY20 called on the Department to report on financial literacy programs designed for military spouses and efforts to evaluate the effectiveness of these programs. The Department recognizes that the financial literacy of military spouses contributes to financial readiness and family readiness. Military spouses have access to various support resources designed to develop financial literacy knowledge and skills. Factual, unbiased financial counseling is provided in accordance with 10 U.S.C. § 992(b), through various delivery methods so spouses can discuss their personal needs with nationally-accredited professionals in a manner that is convenient for them. The Department also delivers financial literacy education through a number of programs employing flexible learning modalities. These programs ensure spouses have access to educational resources when and how they prefer.

DoD financial literacy programs are developed consistent with recognized financial literacy education best practices. These best practices, recommended by multiple federal departments and agencies, ensure programs are effective in delivering financial literacy education to adult learners. The Department uses a variety of methods to understand the needs and preferences of spouses so financial literacy programs are responsive to their needs. Programs are continuously evaluated against all these efforts to ensure they are designed to provide effective, quality financial literacy education to military spouses.