

## Savings Habit Strongest Among Military Families With A Plan

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**As the nation's armed forces come together to focus on financial readiness during Military Saves Week, active-duty families who work with financial planners are setting the pace by out-saving their do-it-yourself colleagues and feeling more confident in their long-term finances.**



Military families who have written financial plans developed through financial advisors boast a monthly savings rate that is 28 percent higher than those without a plan, according to the latest survey results of the First Command Financial Behaviors Index®. Not surprisingly, these families are also more confident in their ability to retire comfortably – 45 percent versus 34 percent for families without a plan.

This difference in financial readiness and confidence between those with and without a plan has remained consistent throughout the economic crisis, reinforcing the critical role that professional financial assistance can play in the economic lives of America's military families, said Master Chief Petty Officer of the Navy (Ret.) Joe R. Campa of the First Command Military Advisory Board.

“This groundbreaking research highlights the critical role that financial advisors can play in improving the financial well being of service personnel and their families,” he said. “Military Saves Week is an ideal time for the military community to consider the real benefits of working with a trustworthy and knowledgeable financial coach. And this is also an ideal time for the financial services industry to re-commit to serve our nation by looking for new ways to deliver effective financial coaching and planning assistance to military families.”

Military Saves Week, which is scheduled for Feb. 20-27, is part of an ongoing campaign developed by the Consumer Federation of America and the military services to persuade, motivate and encourage military families to save money every month and to convince leaders and organizations to be aggressive in promoting automatic savings. The campaign is committed to helping and supporting military members and their loved ones build personal savings arsenals to provide for their immediate and long-term financial needs.

The week-long program is part of a growing national interest in improving the financial readiness of America's armed forces, said Coast Guard Vice Adm. (Ret.) Jody A. Breckenridge, who serves with Campa and other retired senior flag officers and NCOs on the Military Advisory Board.

"We are committed to Military Saves Week and similar initiatives that help shine a light on the important financial concerns facing military families today and throughout the year," she said. "The collective goal of the Advisory Board is to pool our varied experiences in a way that provides an ongoing, unbiased perspective on trends that affect the financial well being of service personnel."

Notably, Military Saves Week comes at a time when middle-income military households have been easing back on this critical financial behavior. The average monthly amount that military families with annual incomes of \$50,000 or more put into their savings and retirement accounts slipped 17 percent in mid 2010 to end the third quarter at \$2,018. Still, these families have continued to out-save the rest of the Middle Class, which achieved a monthly average of just \$1,517 during the third quarter.

The decline in savings activity has been accompanied by a shift to debt reduction. The average amount military families are paying on long-term debt has reached \$1,255, up considerably from \$1,041 during the first quarter of 2008. The average monthly amount military families allocated to short- and long-term debt during the third quarter of 2010 totaled \$2,301, a 4 percent increase over the first quarter. Again, military families are out-performing their civilian counterparts. Middle-class Americans saw their average monthly debt reduction efforts slip by 4 percent to \$2,159 in late 2010.

Members of the Advisory Board have been quick to praise the overall efforts of the military's Middle Class to save more and cut debt, particularly in light of the current economic turmoil.

Sgt. Maj. of the Army (Ret.) Jack L. Tilley said military families "are experiencing the same economic challenges faced by the rest of the Middle Class, but they are out-pacing their civilian counterparts in adopting responsible money behaviors."

Marine Corp Lt. Gen.(Ret.) John F. Sattler agreed, crediting their financial planning successes to "the disciplined, mission-oriented focus that military families bring to all

they do. Their intense focus on personal finance is a model for other Americans who wish to integrate frugal habits into their financial lifestyles.”

The Advisory Board will continue to address the evolving financial needs of military families in March during its next regular meeting.

“I fully expect the subject of increasing savings and cutting debt will be an important part of our discussions,” said Air Force Chief Master Sgt. (Ret.) Kenneth J. McQuiston. “Sound financial behaviors are a key building block for strong military families. While the do-it-yourself approach has its adherents, the Advisory Board firmly believes that the financial services industry is our best hope for improving the financial readiness of those who serve. Financial planning professionals can and must play the primary role in delivering the tools, the knowledge and the personalized coaching that will allow these deserving families to pursue their goals and dreams.”

### **Serving Those Who Serve: The First Command Military Advisory Board**



The First Command Military Advisory Board is a select group of senior leaders from the nation’s military services. Consisting of retired senior flag officers and NCOs, the board is committed to providing independent perspective and advice on important issues affecting the financial readiness of military families.

The current slate of members includes Gen. (Ret.) Dan K. McNeill (USA); Sgt. Maj. of the Army (Ret.) Jack L. Tilley (USA); Lt. Gen. (Ret.) John F. Sattler (USMC); Vice Adm. (Ret.) Barry M. Costello (USN); Master Chief Petty Officer of the Navy (Ret.) Joe R. Campa (USN); Lt. Gen. (Ret.) Glen W. “Wally” Moorhead III (USAF); Chief Master Sgt. (Ret.) Kenneth J. McQuiston (USAF); Vice Adm. (Ret.) Jody A. Breckenridge (USCG); and Master Chief Petty Officer of the Coast Guard (Ret.) Charles “Skip” W. Bowen III (USCG).

*For more information about the Advisory Board, visit [First Command](#)*