

Issue Briefs

2012-10

Family Financial Education



Financial Education for Military Service Members, Families and Veterans

There are nearly 400,000 veterans living in the state of Wisconsin, and three-quarters of them served in wartime. Almost 100,000 have served since the start of the Gulf War era (1990-Present), and more than 30,000 Wisconsinites have served their country in Iraq and Afghanistan. More than 2,000 residents remained deployed in the Middle East through the end of May 2012. Military service can be supremely rewarding, but also comes with personal, emotional and financial costs to service people and their families. For example, more than 50,000 Wisconsin vets (or 13.9 percent) face some form disability.¹

Financial education, counseling, coaching and support for service members, veterans and their families should be similar to services offered to civilian families. A focus on credit management, savings, budgeting and planning for the future should hold constant for families of any kind. The Department of Veterans Affairs and other agencies offer an array of additional support programs, from access to financial products, to support for small business or homeownership, to health care coverage. However, military families may experience unique issues that may require financial educators and counselors to utilize creative and innovative approaches. This brief is designed to provide a background on these issues and some available resources for educators to explore as they develop and deliver programs.

Selected Facts from FINRA Foundation Military Financial Capability Study²

This 2009 survey of 700 military personnel and 100 spouses from across the country showed:

- 19 percent experienced a large drop in household income over the last year
- 41 percent have at least \$5,000 in credit card debt, 10 percent have at least \$20,000 in credit card debt
- 72 percent have sought external financial advice or counseling, but only 18 percent used assistance available on military bases
- 52 percent of those with dependents reported putting away money for their children's future college expenses
- 72 percent had obtained a copy of their credit report over the past 12 months, 67 percent had checked their credit score

Employment³

The overall unemployment rate among veterans is similar to that of the national population. However, the rate among veterans from Iraq and Afghanistan is nearly 50% higher – 12.1 percent. For this reason, there have been many recent initiatives focused on serving veterans who have left the military in the last decade.

The unemployment rate among veterans with a service-related disability is three times higher than the national average (14 percent). One study estimates up to 20 percent of Iraq and Afghanistan veterans show symptoms of Post-Traumatic Stress Disorder (PTSD) and 24 percent show signs of Major Depressive Disorder (MDD). Service members with these diagnoses are more likely to lose a job and bounce checks, and one-third has been referred to a collections agency. Financial problems are often associated with emotional problems and other co-occurring problems. Indeed, 61 percent of veterans with signs of an emotional condition could not cover all of their monthly expenses, compared with 31

¹ See

http://dva.state.wi.us/pa_veteransdata.asp

² <http://www.usfinancialcapability.org/>

³ <http://www.bls.gov/news.release/vet.a.htm>

percent of veterans who did not show signs of PTSD or MDD⁴

Managing Debt⁵

Some veterans from Iraq and Afghanistan had been pursued for collection of military debts. Members have accrued debts due to overpayment of salary or allowance, erroneous leave and pay calculation errors. These administrative oversights were not the fault of the member, but they have made it difficult for some veterans to obtain loans. There used to be a high concentration of payday lenders around military bases, which demonstrates that these services would target members of the military. However, the practice of making payday and auto title loans to military members has been banned since 2006.

Resources

Consumer Financial Protection Bureau Office of Service Member Affairs

New agency focused on military members and their families. The Office is responsible for military family education, complaint monitoring and response, fraud detection and coordination among federal agencies of consumer protection measures for military families.

Tax Assistance

The Internal Revenue Service (IRS) partners with all branches of the military to provide military families with a variety of [Volunteer Income Tax Assistance](#) (VITA) services. The IRS provides [VITA instructions](#) to military volunteer tax return preparers, domestically and overseas, that are trained in military issues. The IRS provides specific information on tax preparation for military families. The

⁴ Elbogen, E. B., S. C. Johnson, et al. (2012). "Financial Well-Being and Postdeployment Adjustment Among Iraq and Afghanistan War Veterans." *Military Medicine* 177(6): 669-675.

⁵ Institute of Medicine. (2010). *Returning Home from Iraq and Afghanistan: Preliminary Assessment of Readjustment Needs of Veterans, Service Members, and their Families*. Washington DC, The National Academies Press.

Armed Forces Tax Guide covers the special tax situations of active members of the Armed Forces.

Employment and Home Life Issues

In 2011 a Presidential Study Directive (PSD-9) was released titled *Strengthening our Military Families: Meeting America's Commitment*.

Deployment Checklist

The [Armed Forces Crossroads](#) produced a checklist of essential tasks a service member and his/her family should complete prior to deployment. It explains the importance of creating documents such as a Will and determining power of attorney, in addition to detailing the financial matters spouses will need to consider in the service member's absence.

Wisconsin Department of Financial Institutions (DFI) Coaching Training

DFI will host a financial coaching training for professionals on strategies to use when dealing with veteran populations. This free training will take place from 9 am – 4 pm in Eau Claire on October 26. The workshop is free, but registration is required. Additional information is available at <http://tinyurl.com/FinCoachEC> or (608)267-1713.

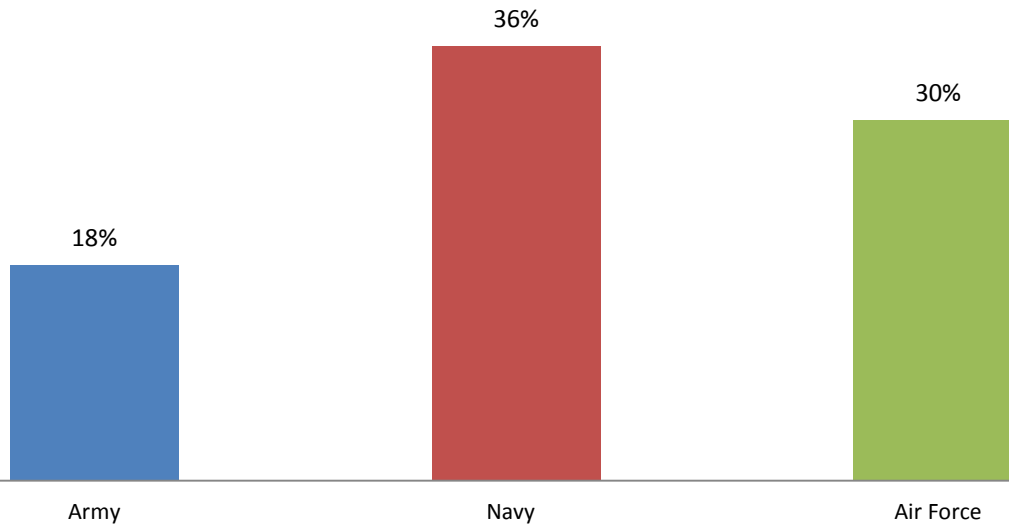
The Post 9/11 GI Bill

Special benefits for higher education are available for recent veterans and their families under the Post 9/11 GI Bill. The bill pays a certain percentage of the veteran's tuition depending on the number of consecutive months he/she was on active duty, and certain institutions of higher education will provide a supplemental benefit. Iraq and Afghanistan Veterans of America (IAVA) provides a clear breakdown of these benefits, in addition to a benefits calculator, at <http://newqibill.org/>.

National Resource Directory

The VA hosts a [national resource directory](#) with links to hotlines and online resources for veterans. Resources include job banks, information on VA benefits and support for family members and dependents.

Use of Financial Help by Branch



Have you used the services of your local Personal Financial Manager (PFM) or financial educator at a military or community service center?



The University of Wisconsin-Extension (UWEX) Cooperative Extension's mission extends the knowledge and resources of the University of Wisconsin to people where they live and work. Issue Briefs are an ongoing series of the Family Financial Education Team. This brief was drafted by J. Michael Collins, Assistant Professor in Consumer Finance and Extension State Specialist, Center for Financial Security © 2012 Board of Regents of the University of Wisconsin System.