

Financial Readiness

*Mary Bell, AFC®
Office of Personal Finance
DoD Office of Secretary of Defense*





Topics

- Economic Environment
- Financial Readiness Campaign
- Events
- Resources
- Questions



Current Economic Environment



- 26% increase in employee wage garnishment by collection agencies
- 20% increase in requests for pay advances
- 1 in 10 American homeowners were at least a month behind on their payments or in foreclosure
- 8.5% unemployment rate – Highest since 1983
- 5.1 million jobs lost in this recession so far



The background of the slide is a dramatic, dark storm with a ship being tossed in the waves. The ship is a small, white vessel, possibly a fishing boat, and is being battered by large, dark waves. The sky is filled with dark, heavy clouds, and the overall atmosphere is one of intense danger and chaos. The text is overlaid on this background in a white, serif font.

Economic Environment

Credit Crisis

Foreclosure Crisis

Savings Crisis

Federal Bailouts

Market Instability

Banking Crisis

THE
PERFECT STORM

Good news.....?

- **Our Service members and their families are not immune from the storm, but they do have some shelter:**
 - ✓ **Guaranteed paycheck**
 - ✓ **Spousal employment programs**
 - ✓ **Low-cost child care programs**
 - ✓ **Medical/dental benefits**
 - ✓ **Commissary/Exchange privileges & other installation support**
 - ✓ **Special pays & moving allowances**
 - ✓ **Tax-free housing and subsistence allowances**
 - ✓ **Only 25-30% own homes as primary residence**

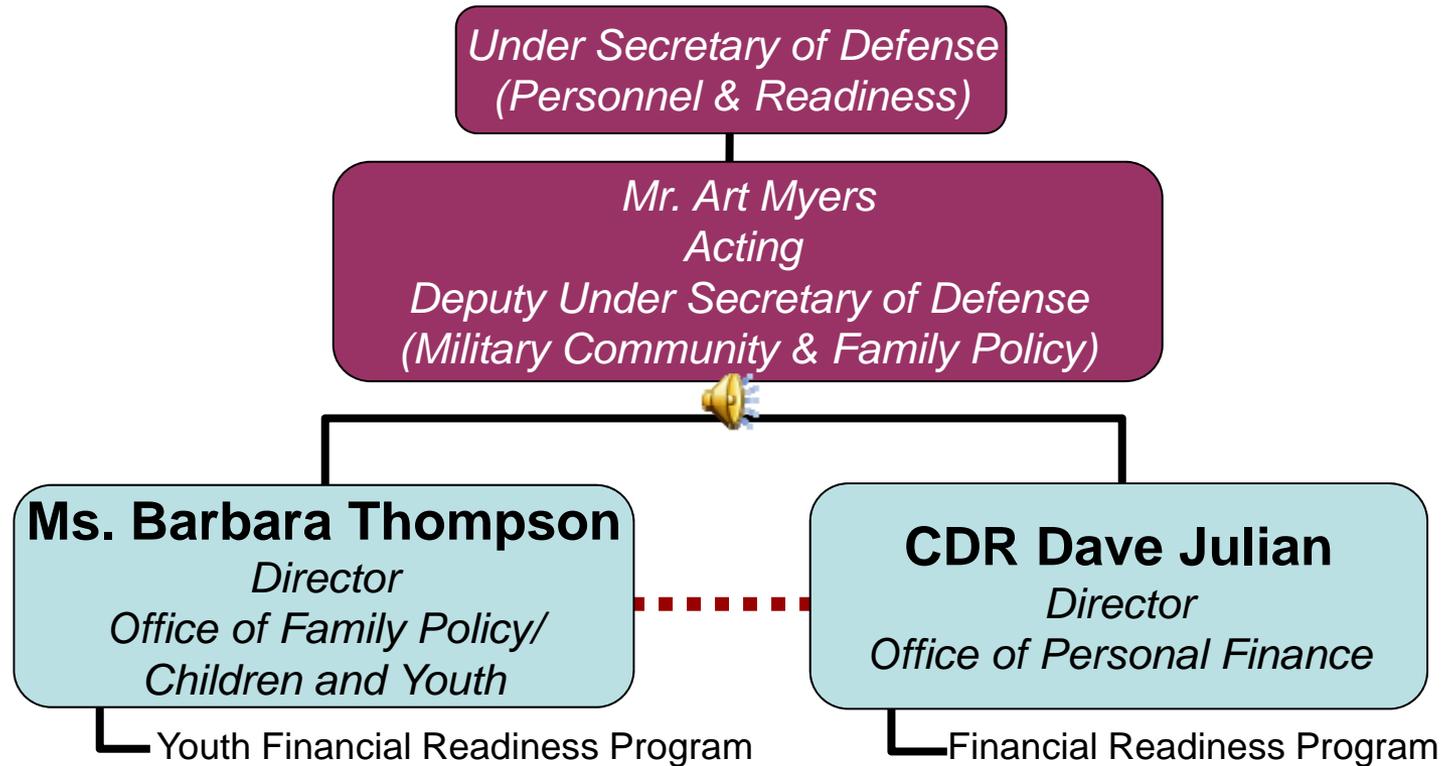


How will we change our culture?

- ✓ “Educate, not Regurgitate”
- ✓ Understand existing military benefits (TSP, SGLI, SDP, financial counseling and planning services, etc)
- ✓ Circulate prominent and certified financial coaches & trainers
- ✓ Provide global, 24/7 access to resources, using multiple delivery methods
- ✓ Annual Military Saves Campaigns
- ✓ Work aggressively with on-installation banks and credit unions
 - ✓ Offer alternative products to payday lenders, education
- ✓ Leverage financial partners for financial planning & educational resources
- ✓ DOD Office of Personal Finance and Transition



DoD Financial Readiness Organization



The Pillars of Personal Financial Readiness

Good
Credit

Financial
Stability

Routine
Savings

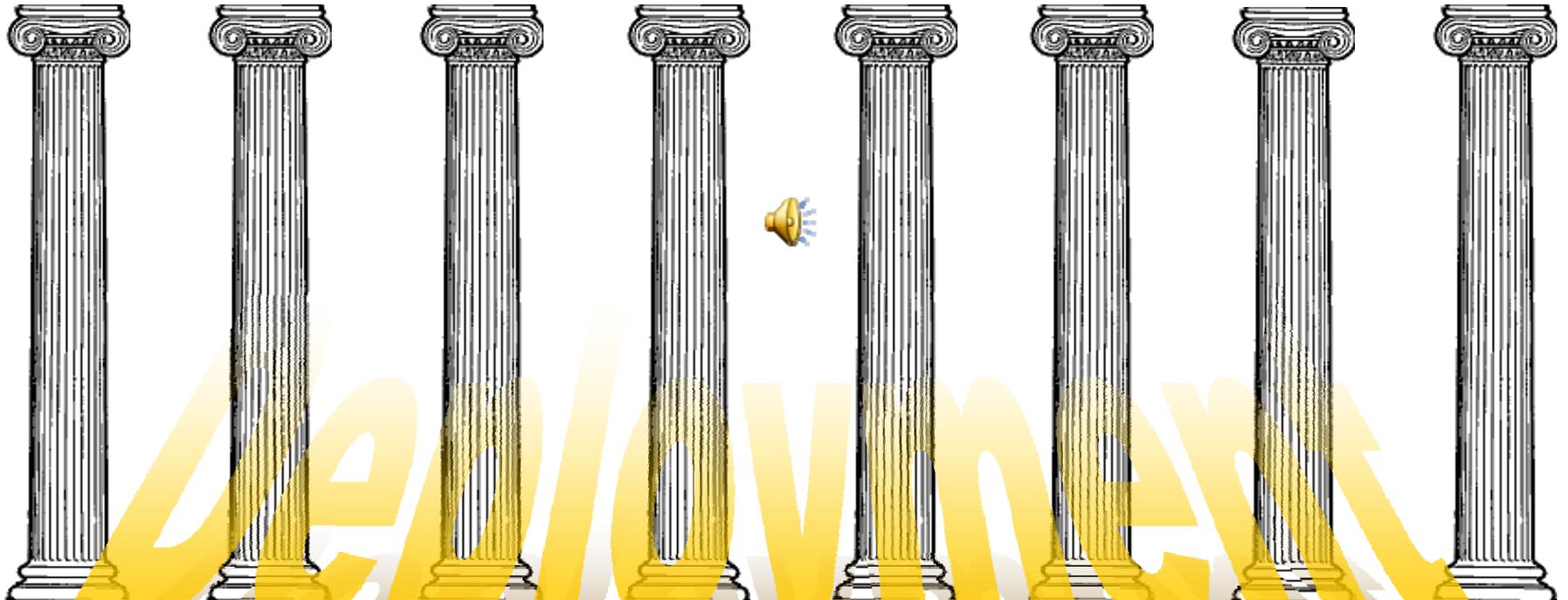
TSP/SDP

SGLI/
Insurance

Low %
Loans

MWR

Security
Clearance



Philosophy

Important Messages to our Troops & Families

- The goal: Plan your path to wealth to attain **economic security**
- It's not how much money you make....
 - **It's how much you keep**
- There are no bad products,
 - **Just misapplied products**
- **Educate, Not Regurgitate**
 - **Why** is this relevant to you?
 - Global Access
 - Platform Independence
 - Train-the-Trainer



Mission Success vs ***Mission Failure***

- ✓ Good credit
- ✓ Financial stability
- ✓ Regular savings
- ✓ Contribute to TSP
- ✓ Don't Opt-Out for SGLI
- ✓ Low % loans
- ✓ Security Clearance



- ✗ Bad credit
- ✗ Bankruptcy
- ✗ No emergency savings
- ✗ No retirement savings
- ✗ No SGLI/insurance
- ✗ Predatory loans
- ✗ No Clearance

“Financial Readiness = Mission Readiness”



Challenges

Changing Behaviors

- Delivering correct, user-friendly relevant information
- Reaching Guard and Reserve families
- Reaching geo-isolated families
- Meeting emerging expectations of new generations
- Building a worldwide, trusted communication system to connect with troops and families



The Digital Generation



“The Right Information, at the Right Time, to the Right People”

Investing in Troubled Times

Dow Jones Industrial Average



BULL MARKET - A random market movement causing an investor to mistake himself for a financial genius



Investing in Troubled Times

Dow Jones Industrial Average



BEAR MARKET - A 6 to 18 month period when the kids get no allowance, the wife gets no jewelry, and the husband gets no love



Investing in Troubled Times

S&P 500 Index



YAHOO - What you yell after selling it to some poor sucker for \$240 per share

WINDOWS - What you jump out of when you're the sucker who bought Yahoo at \$240 per share



Investing in Troubled Times

S&P 500 Index

\$SPX (S&P 500 Large Cap Index) INDX

5-Mar-2009

▲ \$SPX (Weekly) 682.55

© StockCharts.com
Open 729.57 High 729.57 Low 677.93 Close 682.55 Volume 19.2B Chg -52.54 (-7.15%) ▼



Thrift Savings Plan (TSP)

- Federal government's 401(K)-style plan
- Pre-tax contributions up to \$16,500 in 2009
- Combat zone tax exclusion up to \$49,000 for 2009 including bonuses & combat pay
- Tax-exempt contributions will **not** be taxable even after withdrawals
- Choice of six low cost funds
 - 2 bond funds (G&F)
 - 3 stock funds (C,S,&I)
 - Lifecycle funds (L)



www.tsp.gov



Savings Deposit Program (SDP)

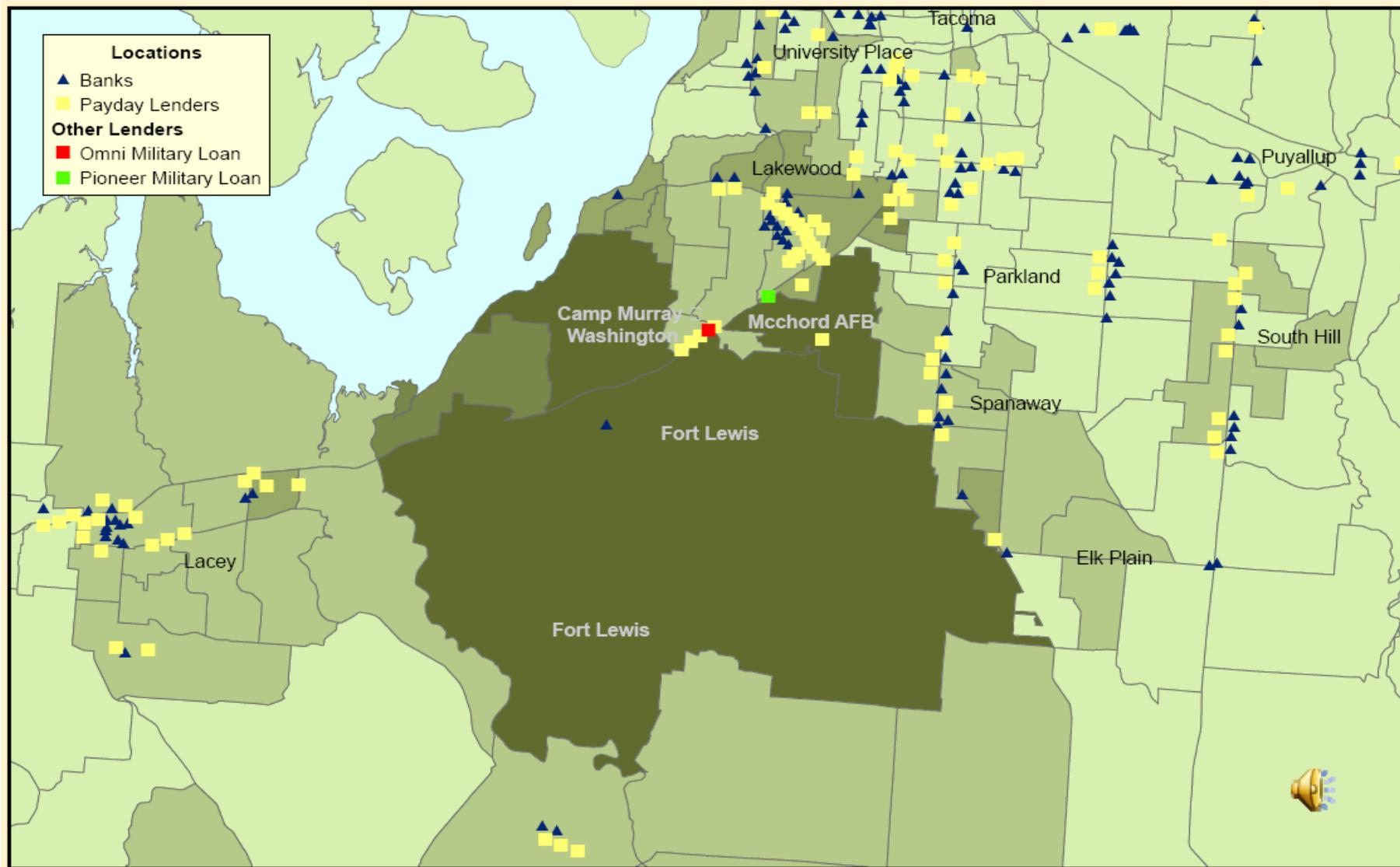
**Automatic 10% Return on
\$10,000, Guaranteed!!**



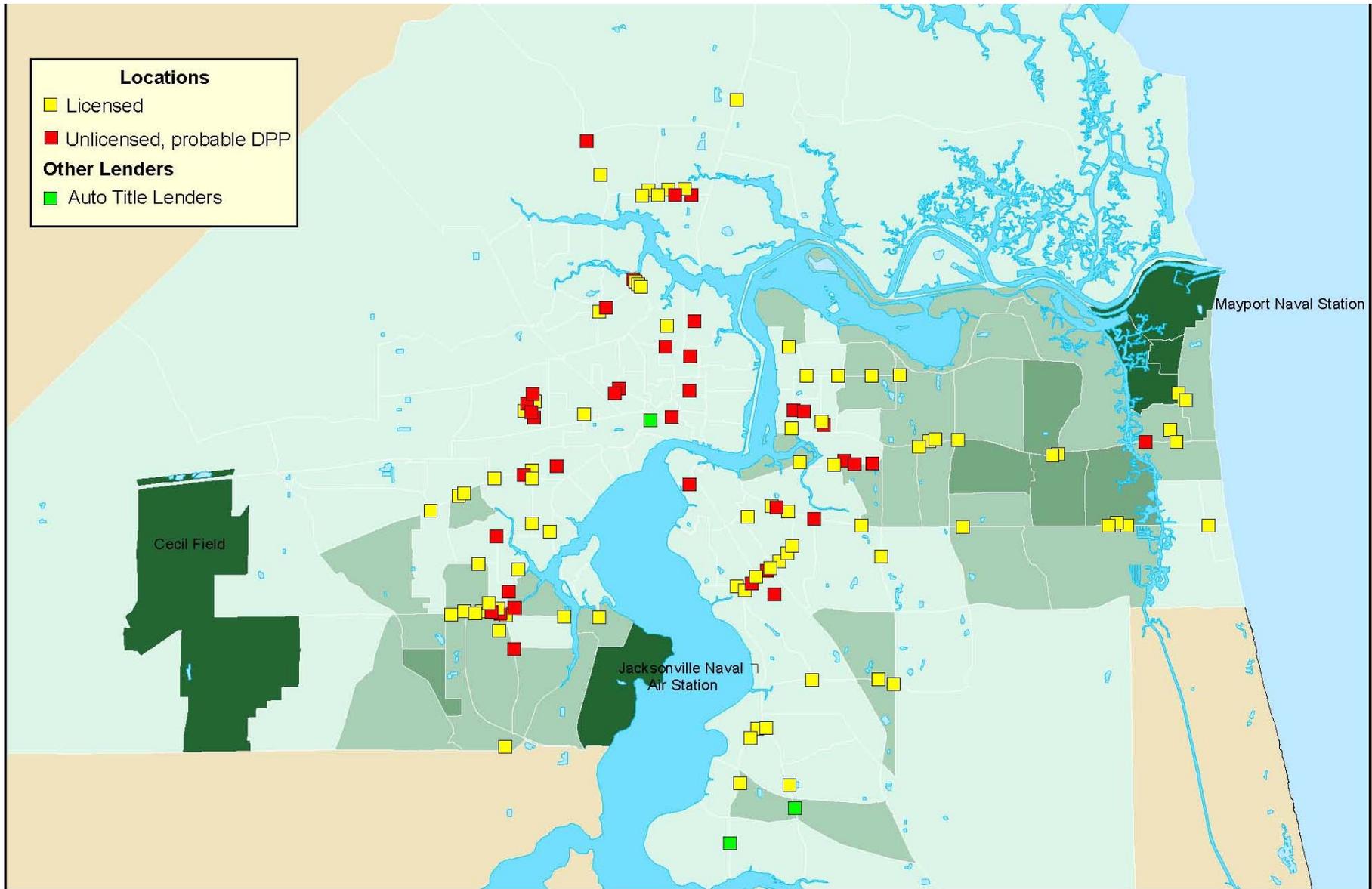
- DoD Savings Account
- Available to those serving in designated combat zones
- Make deposits to the finance office in the deployed location
- Interest is taxable



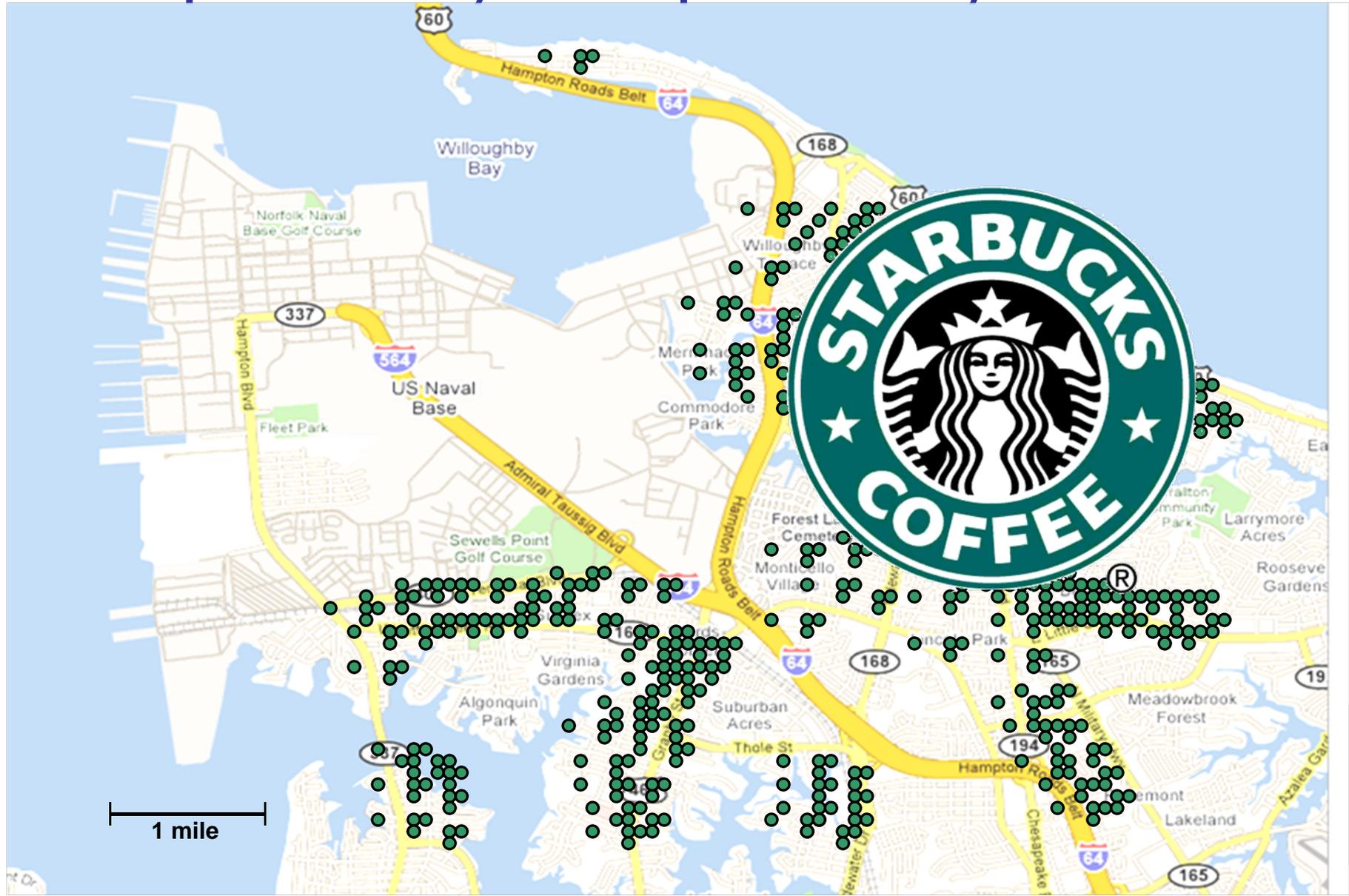
How predatory are “predatory lenders”?



How predatory are “predatory lenders”?

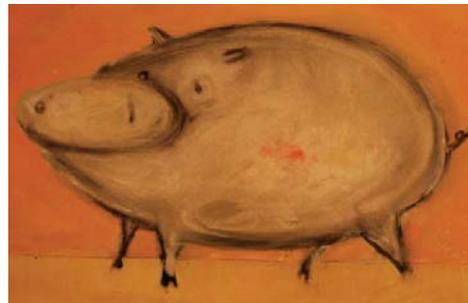


How predatory are “predatory lenders”?

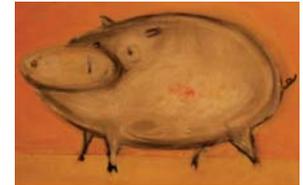


Financial Readiness Challenge Roadshows

- Tools for installation commanders upon request
- Tailored to the needs of the installation
 - Assist the commander, installation PFM to reach troops & families
 - Designed to augment, not replace, existing efforts
- 1-day events which feature:
 - Workshops from library of topics 
 - Financial personalities as keynote speakers
 - One-on-one financial counseling
 - Youth financial education activities
- Optional Leave Behind PFCs are available



Financial Roadshows



- Tools for installation commanders upon request
- Tailored to the needs of the installation
 - ✓ Assist the commander, installation PFM to reach troops & families
 - ✓ Designed to augment, not replace, existing efforts
- 1-day events which feature:
 - ✓ Financial personalities as keynote speakers
 - ✓ Workshops from library of topics
 - ✓ One-on-one financial counseling
 - ✓ Stay behind teams
 - ✓ Youth financial education activities
- Installations encouraged to utilize all installation resources to include Banks and Credit Unions

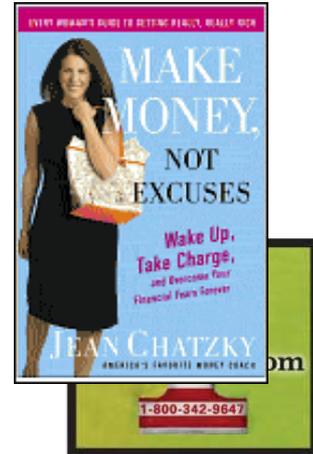
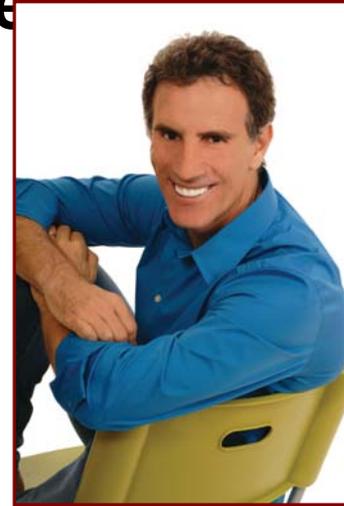


Additional Roadshow Resources

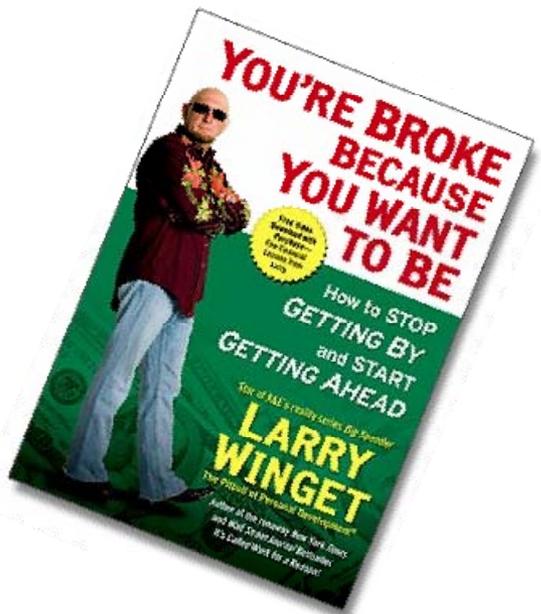
- Over 40 celebrity financial speakers and radio/TV personalities engaged for keynotes, other financial topics
- Child & youth entertainers / motivational speakers
- Experts for panels on focused topics, such as homeownership, mortgages, foreclosure prevention, renters' rights.
- DoD & installation financial partners
 - Government entities and non-profit agencies focused on financial literacy, education and family support resources
 - Serve as speakers, panelists, exhibitors and information resources
- AFC candidate military spouses



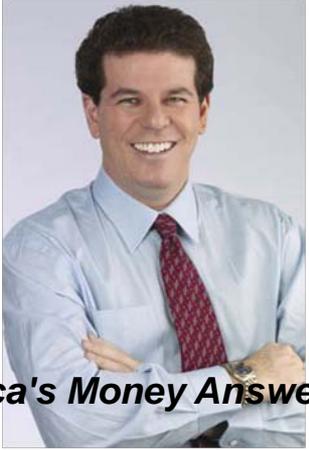
Some Keynotes & Entertainers



Guest Speakers



Jason Goodman



"America's Money Answers Man"

Sammy the Rabbit



Terry Savage



The Savage Truth on Money

John Sileo



"Think Like a Spy"

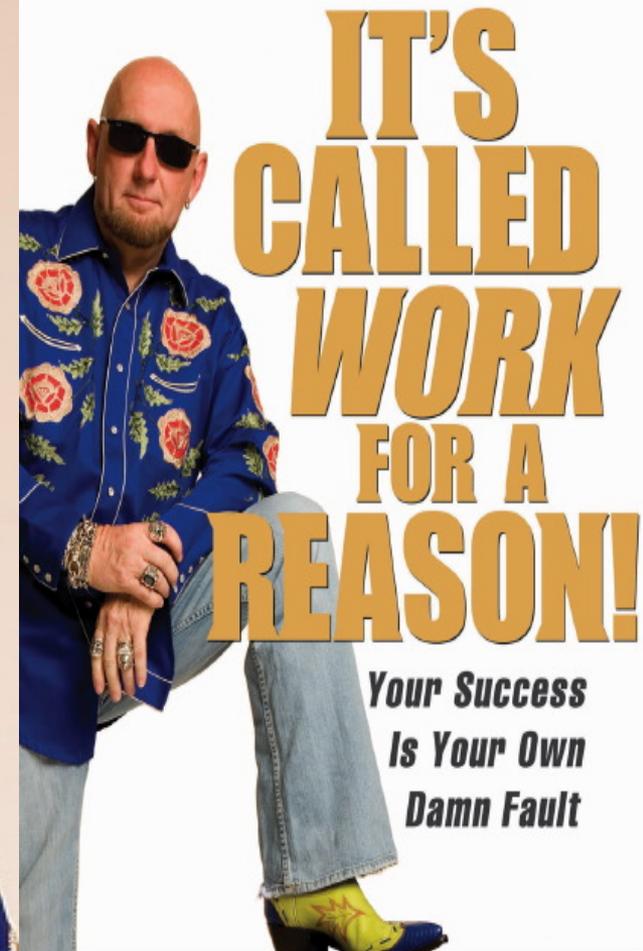
Dr. Robert Manning



Credit Card Nation



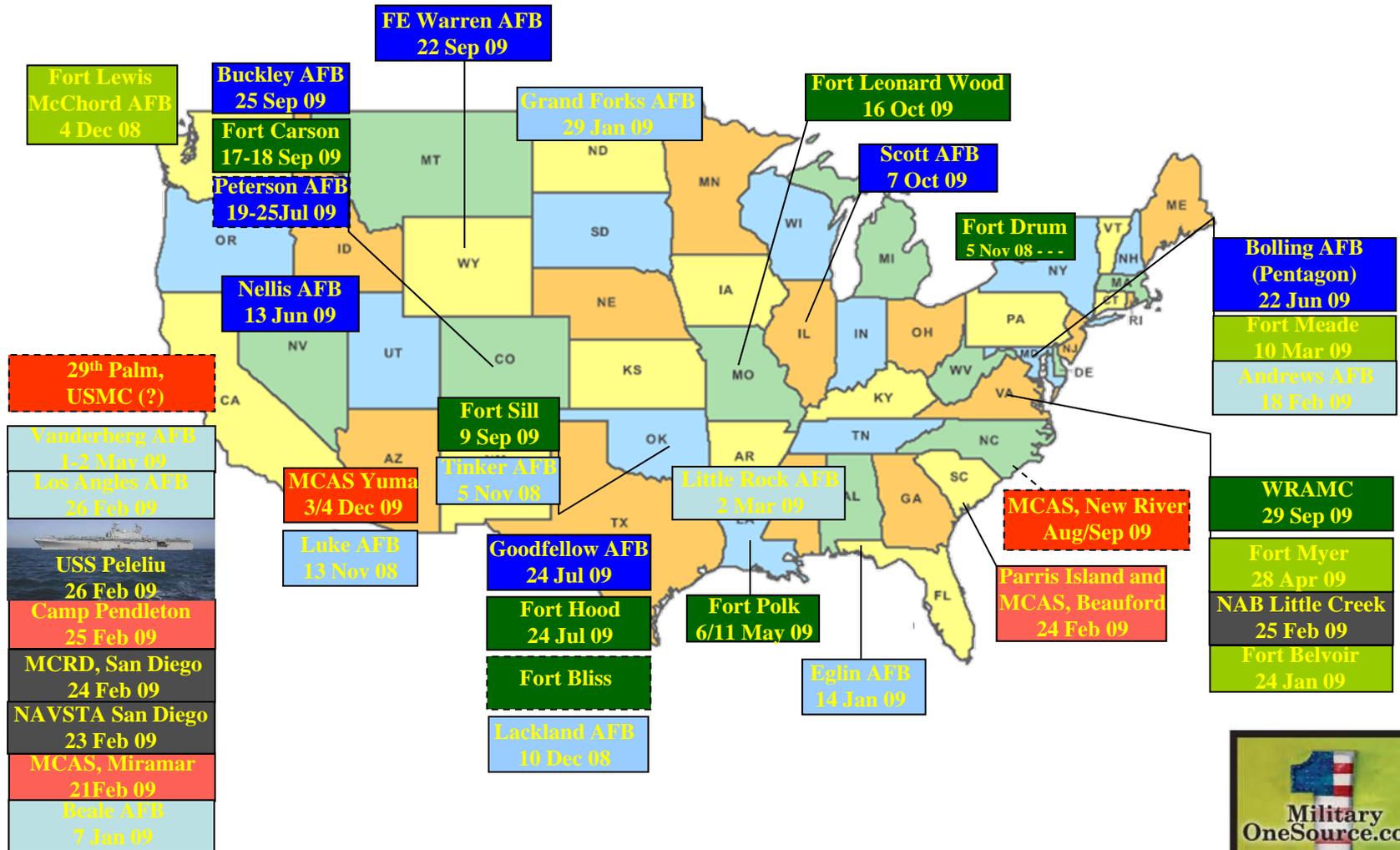
Larry Winget: Pitbull of Personal Development



The Pitbull of Personal Development®
LARRY WINGET

Author of the *Wall Street Journal* #1 Bestseller
Shut Up, Stop Whining & Get a Life
and Host of A & E's Reality Series *Big Spender*

Roadshow Locations



Air Force
 Marine Corps
 Navy
 Army



Military Spouse Fellowship Program



- FINRA initiative in partnership with AFCPE & NMFA
- Spouses earn Accredited Financial Counselor (AFC®) certification
- Program:
 - *Personal Finance and Financial Counseling & Debt Management*
 - Study group webinars
 - Examinations
 - Practicum hours (scaled)
- Employment opportunities following certification



Joint Family Resource Center

Request on-line at
jfsap.mhf.dod.mil/request

1-888-256-9920 or jfsap@jfsap.org



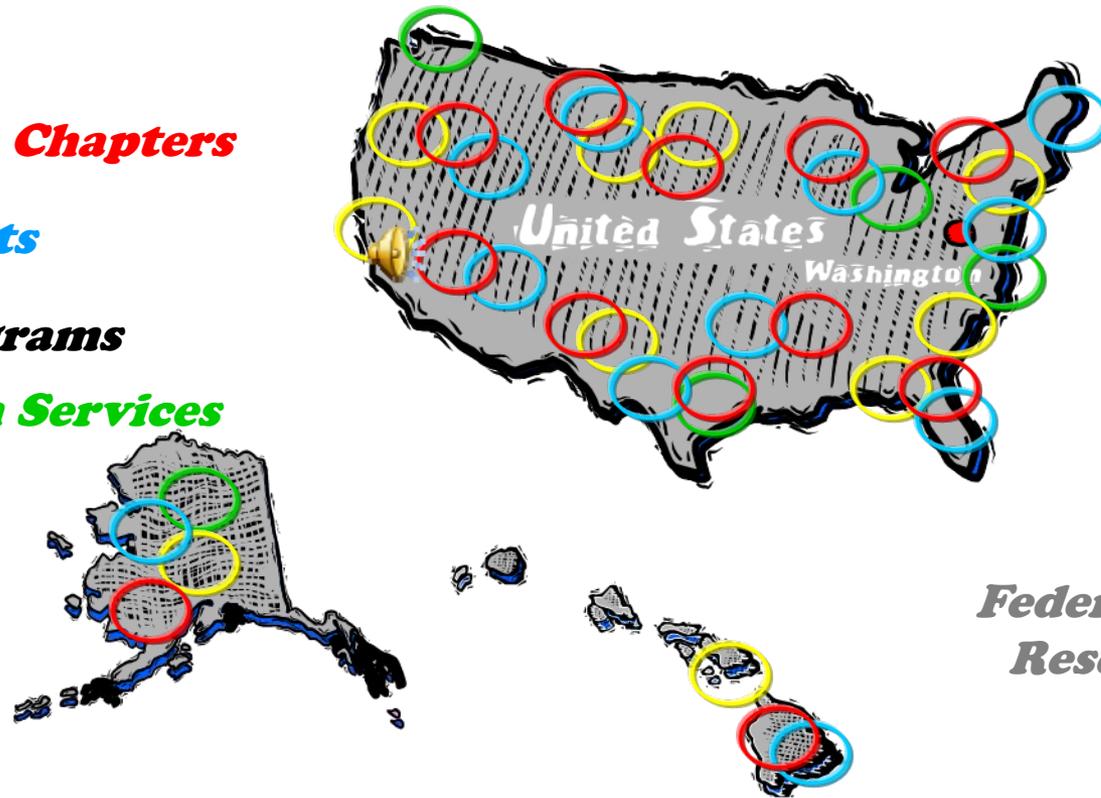
1. Program Overview/Briefing
2. Financial Training
3. One-on-one Financial Counseling
4. Resource Booth & Table



Goal for State JFSAP teams:

Build, connect a sustainable network of local, state, and federal financial readiness and transition resources

-  **Local Fin. Chapters**
-  **Non-Profits**
-  **State Programs**
-  **Extension Services**



**Federal/DoD
Resources**

The Joint Family Resource Center can help!



Financial Counseling Update

- Installation/Unit Financial Managers/Specialists
- Military One Source
 - Telephonic counseling
 - Face-to-Face (*new!*)
- Military Family Life Consultants 
 - “Personal Financial Counselors” (PFC)
 - CFP® Certificants & AFC or ChFC certified
 - On-demand, rotational assignments upon installation request
 - Briefings, one-on-one counseling, education & training
- Financial Readiness Partners



Military OneSource

- **Military One Source (www.militaryonesource.com)**
 - ✓ **24/7 world-wide assistance, on-line and by phone**
 - ✓ **“Money” Section**
 - ✓ **Telephonic financial counseling or face-to-face upon request**
 - **Effective 17 Nov: Partnership with NFCC**
 - ✓ **Mortgage/foreclosure assistance**
 - ✓ **Referrals, connections to key helping agencies**



Financial Counseling

- **Installation/Unit Financial Managers/Specialists**
- **Military One Source**
 - ✓ Telephonic counseling
- **Military Family Life Consultants**
 - ✓ “Personal Financial Counselors” (PFC)
 - ✓ AFC/CFP-certified
 - ✓ On-demand assignments upon installation request
 - ✓ Briefings, one-on-one counseling, education & training
- **Financial Readiness Partners**



Military Saves 2009

- 22 February - 1 March 2009
- Events planned at installations world-wide
- Incentivized savings programs at banks & credit unions
- Over 55,000 Saver Pledge
- 200+ defense credit unions and military banks accepted millions in savings deposits
- Military units large & small declared themselves Military Saves organizations
- *Military Banks* and *Defense Credit Unions are trusted agents!*

Build Wealth, Not Debt!



Objectives of the PFC Program

- To augment existing programs and provide support to base financial counselors.
- To provide services to National Guard and Reserve Units that do not have easy access to base financial counselors.
- To provide military spouses who have successfully completed the AFCPE Program with the opportunity to earn practicum hours and practice under the guidance of seasoned counselors.
- Foster relationships with DOD approved partners to provide Service Members and base financial counselors with resources and solutions



The PFC Network

- Nationwide Network of Professional Financial Counselors
- Dedicated to Serving military families
- Military Sensitization
- Designations
 - Certified Financial Planners
 - Accredited Financial Counselors
 - Chartered Financial Consultants

Many in private practice as planners, attorneys,
accountants

Lecturers, etc. Collectively a wealth of knowledge and
resources



Service Delivery

MHN Personal Financial Counselors deliver services in the following ways:

- On Demand Events
- Rotational Assignments
- Financial Readiness Challenge Events
- One on One consultation
- Referrals to DOD partners
- Transition assistance through interactive web portal
- Pairing up military spouses with experienced counselors at events



Rotational Assignments

- Installations/units request counselors through their branch of service POC for approval by OSD
- Rotations last 30, 45, 60 or 90 days
- Role of the PFC
 - To support the base Financial Readiness Program (FRP) Manager
 - Duties – include training, conducting presentations/workshops, writing lesson plans and counseling. Valuable resource during surges, pre-deployment and reintegration
 - To temporarily assume the role of the FRP where vacancy there
 - To coach the FRP manager towards the AFC



Military OneSource

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 - 24/7 world-wide assistance, on-line, by phone, & in-person
 - “Money Matters” Section
 - Telephonic financial counseling or face-to-face upon request
 - Mortgage/foreclosure assistance
 - Referrals, connections to key helping agencies 



Financial Counseling Resources

- Installation/Unit Financial Managers/Specialists
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 - Face-to-Face (*new!*)
- Financial Readiness Partners
 - www.militaryhomefront.dod.mil



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1.800.342.9647 or **www.militaryonesource.com**



DoD Financial Readiness Partners

- Military HOMEFRONT

www.militaryhomefront.dod.mil

- Service Providers
- Personal Financial Management
- Management Resources
- Support Services and Additional Resources for all partner information



- My Help List

www.turbotap.org



Official DoD Financial Readiness Partners

- In Charge Institute
 - www.Inchargefoundation.org
 - www.Militarymoney.com
- FINRA Investor Education Program
 - www.SaveandInvest.org
- Better Business Bureau Military Line 
 - www.bbb.org/military
- Federal Trade Commission
 - www.consumer.gov/military/
 - www.ftc.gov – Identity Theft
- Association of Military Banks of America & Defense Credit Union Council & many more



Military Saves 2009

February 22nd through March 1st

Military Saves 2008 – Overall Results

- 26,000 Savers from 1 Jan – 2 Mar 08
- Events held throughout the world
- 100% participation by all Services
- 100% Navy Youth Centers participated and pilot sites from Air Force, Army and Marine Corps
- 200+ defense credit unions and military banks accepted millions in savings deposits
 - *Incentive programs, activities, co-branding, giveaways*
- Military units large & small declared themselves Military Saves organizations



Military Banks and ***Defense Credit Unions*** are trusted agents!

www.militarysaves.org



Welcome to SaveAndInvest.org

SaveAndInvest.org, a free service of the FINRA Investor Education Foundation—helping protect you from investment fraud and providing information to help you confidently handle your finances.

→ For Military



Enter Site



→ For Older Investors (55+)



Enter Site

→ Additional FINRA Investor Resources

Enter Site



Youth Financial Readiness

How are we helping them?

According to the National Endowment for Financial Education, as few as ten hours of classroom instruction can be enough to persuade students to improve their spending and saving habits



*Boys and Girls Club of
America
"Money Matters"*

Jump\$tart Coalition

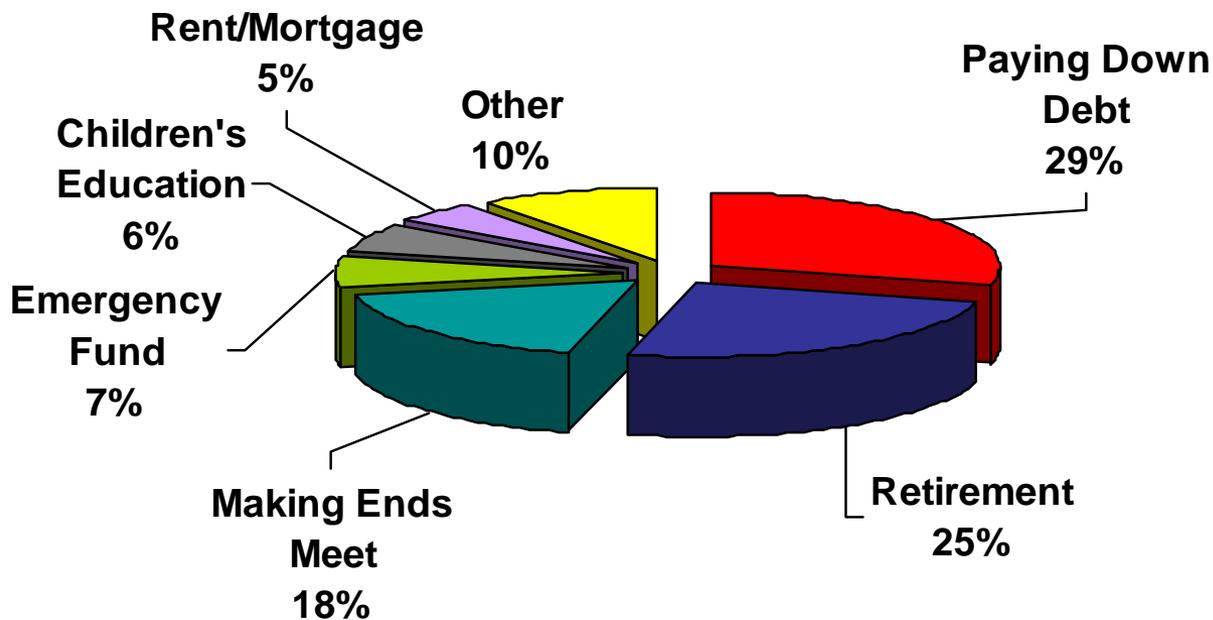
*American Bankers Association
Education Foundation &
Association of Military Banks*

**Junior
Achievement**

National Endowment for Financial Education



- ## FINRA Military Financial Confidence Survey
- **Released 19 February 09**
 - **Purpose: capture military's attitudes/perceptions about retirement/finances**
 - **Most pressing financial issues:**



FINRA Military Financial Confidence Survey

- **Military more likely to take an active role in financial planning**
- **Military has more realistic view of financial requirements/ preparations**
- **More outreach required to raise awareness of TSP**
- **Military financial educational programs and services are positively influencing financial behavior**



Personal Finance & Transition Key On-line Resources

Military One Source - “Money Matters” section

www.militaryonesource.com

Military HOMEFRONT - Personal Financial Readiness

www.militaryhomefront.dod.mil

Transition Assistance Program’s TurboTAP

www.turboTAP.org



Questions?

Moneywise
with Kelvin Boston

Military Money
Home. Life. Success.



www.feedthepig.org

SaveAndInvest.org

NMFA
National Military Family Association

NeFe
NATIONAL ENDOWMENT FOR
FINANCIAL EDUCATION

