



February 9, 2021

To the Biden-Harris Administration:

The participants of the Military Family Financial Readiness Coalition (MFFRC) include organizations with a vested interest in the financial wellbeing of military families. Hosted by the Military Family Advisory Network (MFAN), this group shares ideas, lessons learned, best practices, challenges, and opportunities to more effectively serve our families and respond to their evolving needs.

The financial readiness of military and veteran families affects their ability to put food on their tables, provide for their families, and save for emergencies. And it impacts force readiness and the strength of our future force. It is our privilege to share with you our collective experience by suggesting how the incoming administration can improve the financial readiness of military families:

- 1. Public-private partnerships are critical to establishing financial readiness for military and veteran families.** More demands have been made on our Armed Forces than ever before. No longer simply defenders of our country overseas, American service members have been called upon to support the fight against a global pandemic and civil unrest right here at home.

Partnerships with stakeholder groups already positioned to provide support are the key to ensuring that military and veteran families have the resources they need to be financially healthy during these trying times. Furthermore, as service members transition from service, the relationships they build now with these partners will set them up for success as they plan for both the short- and long-term financial needs of their families.

- 2. Real and perceived barriers exist between service members and the Department of Defense (DoD) when it comes to financial readiness.** Military families receive mixed messages: They are encouraged to seek help for their financial situation but also know that their security clearances are potentially at risk if they are deemed financially “unfit.” There is a lack of trust that, should a service member ask for help or admit to struggling financially, there will be consequences that might jeopardize their military careers.

Providing financial education and counseling should not be an exclusively internal function of DoD; it has neither the time, resources, nor expertise to assume this role. The MFFRC is a coalition of trusted organizations that bring both familiarity with military culture and expertise and experience in providing best-in-class financial resources to meet these needs. Those in command should be encouraged to leverage experts who do not report to DoD, and who are willing and able to help serve their troops.

- 3. Military spouse employment, long a pain point, has been further impacted by the pandemic.** Despite the best of intentions, the needle has not moved significantly on military spouse employment in over two decades. Today, COVID-19 is pushing military spouses out of the workforce as they are called upon to provide not only the majority of care for their children,

but also to meet their children's educational needs at home. Often making their financial matters worse, many military spouses are part of the "gig economy" and, thus, are left solely responsible for their own contributions to retirement/mechanism for savings. This challenge is also seen for military spouses who are unable to achieve career continuity—inconsistent employment has immediate effects on the ability to pay the bills, but the second and third order effects include lack of retirement savings, let alone an employer match. This not only reduces the family's savings for the future, it creates a dangerous situation for those military spouses who have the need, but not the means, to protect themselves and their families during an emergency.

- 4. Retirement plans need to be revisited.** In 2018, service members who joined the military after 2006 but before Jan. 1, 2018 were able to select from two military retirement plans: The Legacy / High-3 plan and the Blended Retirement System (BRS) that combines elements of the legacy system with benefits similar to those offered in a civilian 401(k) plan. Both the Legacy / High-3 plan and the BRS provide monthly retired pay after a minimum of 20 years of service. But BRS members receive matching contributions from the Department of Defense to their Thrift Savings Plan (as much as 5% of their monthly base pay).

What we have heard from families we've served and what the research tells us, is that too many service members took the default position - the Legacy plan - and that statistically, most members leave service before the twenty years they would need to serve to receive benefits under that plan. Under the BRS, most service members would receive some retirement benefit, whether they stay in 20 years or not. Insufficient education and information resulted in financial decisions that may not have been appropriate or ideal for the service members who made them and that they are now locked into due to a closed enrollment period.

According to the 2019 Military Family Advisory Network Military Family Support Programming Survey, almost 45% of those responding to a question about which retirement plan had been chosen could not answer the question. Of those, who did not know what kind of retirement plan the servicemember had, almost 98% were spouses of those currently serving.

It is the position of this coalition that we must reopen the Blended Retirement System to those who originally rejected it and provide the necessary information to help military families make more informed choices that will have long-term impact on their financial health.

- 5. Organizations that provide services and support to military and veteran families need access to information from the Department of Defense to serve most effectively.** Any disconnect between the government and the entities providing support impairs the ability of those organizations to provide exceptional, well-rounded care. Trust and transparency between the public and private entities supporting our military and veteran communities is essential for the good of all and must be prioritized.

Financial readiness is the key to the health and wellbeing of military and veteran families and the future of our all-volunteer force. Our families need strong public-private partnerships, expert resources, access to secondary sources of income via military spouse employment, information and choice when it comes to military retirement, and clarity. These are the vehicles that will enable our families to be financially fit and mission ready.

The MFFRC has worked diligently to meet these needs from the very beginning when it filled the gap created by the discontinuation of the DoD Financial Readiness Roundtable. We look forward to working with this administration to restore opportunities for collaboration so that military families have the tools and information they need, and the ear of those entrusted with decisions that will impact their financial health.

Respectfully submitted by the following MFFRC participant organizations,

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