STATEMENT
OF
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(MILITARY COMMUNITY AND FAMILY POLICY)
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT, THE FEDERAL WORKFORCE, AND THE DISTRICT OF COLUMBIA COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE
on
“FEDERAL GOVERNMENT’S ROLE IN EMPOWERING AMERICANS TO MAKE INFORMED FINANCIAL DECISIONS”
APRIL 29, 2009
Thank you, Senator Akaka and members of the Oversight of Government Management Subcommittee, for the opportunity to appear before you today to talk about the Department of Defense’s efforts to improve financial literacy for members of the armed forces and their family members as well as our civilian workforce. First, I would like to thank the members of Congress for supporting and setting regulatory practices for predatory products and procedures. 32 Code of Federal Regulation, Part 232 went into effect October 1, 2007, covering all financial institutions and placing limits on three types of short term credit: payday loans, vehicle title loans, and tax refund anticipation loans. All states recognize the regulation and they use the Federal Financial Institutions Examination Council Interagency Guidelines for the regulation as part of their examinations of the financial institutions. Some lending practices can create a cycle of debt for unsuspecting Service members and their families, impacting quality of life and military preparedness. The Department is appreciative of Congress’ support in protecting our military community.

As a result of our cooperative effort with Financial Literacy and Education Commission (FLEC), we have and are continuing to implement the National Strategy for Financial Literacy. The strategy served as the impetus for developing and implementing our own Financial Readiness Campaign. The FLEC has kept us cognizant of other government agencies and their financial literacy programs. Through FLEC, we have been able to integrate and coordinate a holistic financial literacy program for our military constituents. We continue to seek active participation with FLEC and its members to increase our financial education efforts.

Our plan is to further change the financial culture of our U.S. military. To begin this cultural change, the DoD Financial Readiness Campaign focuses on financial
readiness education, programs, and resources to boost financial literacy. The Eight Pillars of Financial Readiness represent the campaign’s platform:

1. Maintain Good Credit
2. Achieve Financial Stability
3. Establish Routine Savings
4. Participate in the Thrift Savings Plan and Savings Deposit Program
5. Sustain the Service member’s Group Life Insurance (SGLI) and carrying other appropriate insurance
6. Utilize low-cost alternative loan products and avoiding payday/predatory loans
7. Take advantage of low-cost Morale, Welfare, and Recreation programs
8. Preserve Security Clearances

Our comprehensive financial readiness campaign provides financial education and training on personal finances to Service members as part of their military training. In addition, Service members and their families have access to personal financial information and counseling through Military OneSource, the toll free call center for military (1-800-342-9647). Military OneSource provides support services 24/7 for all service members and their families, including the National Guard and Reserve, regardless of their mobilization status. This service offers personalized, free, and confidential financial counseling and planning services. Military OneSource is especially beneficial to those who are geographically separated from installation services.

To emphasize the importance of financial and mission readiness to our uniformed members, the Department established the Office of Personal Finance in March of 2008. For the past year, this office has worked to expand the financial education and services available to our armed forces. Our goal is for every Service member to have a financial
plan upon entering the Service. Further, each plan should be updated after major life events to include marriage, having a child, and change of station or deployment.

The Financial Readiness Campaign has three distinct components: The Financial Challenge Roadshow, On-Demand financial support, and Rotational Personal Financial Counselors (PFC).

The Financial Challenge Roadshow augments the Military Services’ existing financial readiness programs and initiatives. A commander determines each installation’s area of concern and sets the agenda. The Roadshow consists of financial guest speakers and financial workshops, including specialized workshops for children and youth, delivered by certified and credentialed financial experts. Throughout the event, one-on-one financial counseling is available from PFCs, who can remain behind, as needed, to support the installation. Since November 2008, we have conducted 22 financial roadshows, including one on the USS Peleliu, and over 5,000 Service members and their families have participated. Currently, we have 12 roadshows planned in the near future. Some examples of the workshops are:

- Take Five: *What I Wish I Had Known About Personal Finance*
- Better than a Budget: *Develop a Spending Plan that Will Keep You on Track*
- The Perils of Plastic: *Avoid Drowning in Debt – Charge Wisely!*
- Dream Big – Plan Now! *Make Your Ideal Retirement a Reality*
- Pay Yourself First: *Why You Should Sign Up for the Thrift Savings Plan Today*
- Have You Fed Your Pig Today? *Simple Tips for Saving and Investing*
- Ready for Everything? *Insurance Essentials for the Service Member With or Without a family*
- The Wheels You Want: *Successful Car-Buying Strategies*
- Home, Sweet Home: *Strategies for Home-Buying and Protecting Against Foreclosure*
- You’ve Earned It! *Making the Most of Your Military Benefits*
- Before You Take Off: *Financial Planning for Deployment*
- Don’t Lose It! *How to Protect Yourself Against Identity Theft*

Another option for installation Personal Financial Manager (PFM) is to request a PFC for rotational or surge support. These rotations are available in 30, 60, 90 day
increments. While on the installation, the PFCs have offered financial training classes, conducted individual counseling sessions, and supported the existing PFM and family center in whatever way is needed. The rotational and surge support requests for PFCs have been fulfilled all over the world. Many of these PFMs and installation commanders have verbalized their appreciation and support of the well-qualified and knowledgeable PFCs.

Due to geographical dispersion, the National Guard and Reserve receive a specialized program which fits their specific needs and mission requirements. On-demand events offer financial assistance for the Guard and Reserve, which can include financial training workshops, one-on-one financial counseling and a resource booth and table. Since March of 2008, we have conducted over 700 financial On-Demand events, and 15,000 Guard and Reserve members and their families have participated.

As a part of our Financial Readiness Campaign, we provide financial education that specifically serves children and youth. During Military Saves Week 2008, we successfully launched the first ever Military Youth Financial Readiness Campaign. This annual campaign is an extension of the larger Consumer Federation of America’s Saves programs. The Children and Youth program focuses on the importance of saving for the future and helping them to develop the self confidence and personal skills needed to manage their money. Since 2008, over 12,000 children and youth have participated in various financial programs.

Through our Financial Readiness Campaign and the efforts of our partners, including FLEC, we have seen substantial changes in the financial behavior of our uniformed men and women. Findings from the recent Financial Industry Regulatory
Military is more likely to take an active role in financial planning

Military has a more realistic view of financial requirements and preparations

Military financial educational programs and services are positively influencing financial behavior

In today’s challenging economic times, we are committed to improving financial education and support to our Service members and their families. We will continue to work with the FLEC and other government partners to enhance and ensure the financial education and readiness of our uniformed men and women and their families. Our recommendations for the FLEC are:

- Enhance integration and collaboration of the financial programs of other federal agencies
- Encourage other FLEC members to recognize and incorporate military financial needs
- Create and maintain a calendar that identifies all federal personal financial education events to include conferences, meetings, and workshops

As evidenced by the long standing Financial Education program for its military service members, the Department of Defense has always taken Financial Literacy Education seriously. Accordingly, the Department is committed to increasing financial awareness for its civilian workforce and has approved a Financial Literacy Education Plan to promote core financial planning concepts and continuing financial literacy education activities.

As part of the DoD Financial Literacy Education Plan, Components and Activities are:

- Conducting early, mid-career, and late-career pre-retirement planning training sessions and presentations. Generally, in the past, only those employees late in their career were targeted for the pre-retirement briefings.
- Hosting a variety of financial educational workshops and “Lunch and Learn” sessions that address various financial topics, such as, Women and Investments, Managing in a Volatile Market, Planning for Retirement and Basic Financial Planning.
- Encouraging employee savings by incorporating themes, such as “Saving for Retirement” into new employee orientations, which emphasize the benefits of long-term planning and savings.
- Publishing information on employee websites, portals, and newsletters which feature financial literacy education information topics.
- Training Human Resource Specialists on financial literacy topics. For example, over 50 of our DoD benefit advisors have completed financial literacy training sponsored by the Office of Personnel Management and offered by the Federal Deposit Insurance Corporation.

Again, the Department would like to thank this Subcommittee, Congress and the states that help protect Service members from predatory practices. This protection began the groundwork necessary to support Service members and their families. As demonstrated by the activities outlined in this testimony, the Department of Defense has established the framework for a successful Financial Literacy Education Program and anticipates that continued endeavors will only serve to strengthen this very important program.