
A Survey about Financial Literacy Among the U.S. Military

Prepared For:

The National Foundation for Credit Counseling (NFCC)

Prepared By:

Harris Poll

NFCC Financial Literacy among U.S. Military Survey

Research Method

The Financial Literacy among the U.S. Military Survey was conducted online within the United States by Harris Poll on behalf of the NFCC (National Foundation for Credit Counseling) between April 7 and April 15, 2014 among 267 active servicemembers in the U.S. military.

Results were weighted for age, gender, marital status, education, and race/ethnicity where necessary to align them with their actual proportions in the population of active U.S. military servicemembers, based on targets developed from the 2012 Department of Defense Demographics Report. Propensity score weighting was also used to adjust for respondents' propensity to be online.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error which are most often not possible to quantify or estimate, including sampling error, coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments. Therefore, Harris Poll avoids the words "margin of error" as they are misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, unweighted, random samples with 100% response rates. These are only theoretical because no published polls come close to this ideal.

Respondents for this survey were selected from among those who have agreed to participate in Harris Poll surveys. The data have been weighted to reflect the composition of the adult population. Because the sample is based on those who agreed to participate in the Harris Poll panel, no estimates of theoretical sampling error can be calculated.

A Note about Reading the Report

The percentage of respondents has been included for each item.

- An asterisk (*) signifies a value of less than one-half percent.
- A dash represents a value of zero.
- Percentages may not always add up to 100% because of computer rounding or the acceptance of multiple responses.

KEY FINDINGS

Financial Literacy and Decision-Making

Servicemembers rate themselves highly for personal financial literacy – but still welcome more advice and information.

- Almost all active, enlisted members of the U.S. military have some influence over the financial decision-making in their household (91%). In fact, nearly 3 in 10 are the sole decision-maker.
- 7 in 10 servicemembers rate their personal financial literacy an A/B on a traditional academic scale from A to F (and 27% mark themselves an “A”) – significantly higher than the grades given by U.S. adults in general.
- That said, the majority of both the national adult population and servicemembers say they would benefit from additional advice and information, especially servicemembers, who are even more likely to welcome added input to everyday financial questions from professionals (80% vs. 73%).
- The military itself (either educational resources or the chain of command) is the most common resource (31%) that servicemembers have learned about personal finance, followed somewhat closely by family members (21%). Many have also turned to a primary bank, friends, self-help books, and civilian financial professionals, either as a primary or secondary resource, for advice and support when needed.

Budget, Spending, and Savings

Compared to the national population, servicemembers are more cautious about what they spend – and more likely to save.

- More than 1 in 2 servicemembers (55%) have a budget and keep close track of much they spend – significantly more than the national population who are less likely to keep a strict eye on expenses like food, housing and entertainment.
- More than 8 in 10 servicemembers (83%) pay all of their bills on time and have no debts in collection – significantly more than the national population who are more likely to struggle to pay bills, get calls from collectors and consider bankruptcy. That said, most servicemembers say they carry the same amount (45%) or more (14%) month to month debt today than they did one year ago.
- Nearly 9 in 10 servicemembers (87%) have savings (excluding retirement) – more than the national population. In fact, while almost 1 in 3 adults nationally (32%) save *nothing* annually for retirement, only 8% of servicemembers (four times less) save nothing. And servicemembers are twice as likely (12% vs. 6% of the national population) to put away a meaningful portion of their income (i.e., more than 20%).

Credit Card Use

Servicemembers are more likely to rely on – and perhaps misuse – credit cards than U.S. adults.

- 8 in 10 servicemembers (80%) have used credit cards in the past 12 months, and the average servicemember household holds 3 credit cards, though many (nearly 1 in 5) have 5 or more.
- Almost 6 in 10 servicemembers (much more than the national population) carry some credit card debt from month to month. In fact, in the past year, a significant minority of servicemembers (again, much more than the national population) are more likely to use and perhaps misuse their credit cards by applying for new credit cards (28%); transferring credit card balances over to other cards (11%); missing credit card payments (11%); or cancelling credit cards (9%).

Loans

Many servicemembers have positive lending experiences – but occasionally have to look outside the traditional system.

- In the past twelve months, almost 1 in 2 servicemembers (49%) have taken out a loan, most commonly through a credit card (18%), but also through the military relief society (11%), an on-base bank or credit union (15%), or an off-base consumer bank (14%).
- Among those who have taken a loan, the majority feel positively, saying they were approved for the amount of the loan needed (85%); had an adequate number of lending options to choose from (81%); were satisfied with the interest rate and terms (79%); and were pleased with the overall experience and service (79%).
- However, despite overall positivity, 6 in 10 servicemembers (60%) still say they had to look outside of traditional institutions to find alternative, non-traditional lenders to meet their needs and looking forward, more than 4 in 10 (41%) say they would anticipate having trouble finding an adequate lending/loan option in the event of an emergency or unexpected expense.

Financial Concerns

Most servicemembers express financial concerns, especially being prepared for the future, an emergency or an unexpected event.

- Almost 6 in 10 servicemembers are extremely/very confident in their ability to meet future financial obligations.
- However, despite this optimism for the future, more than 3 in 4 servicemembers (77%, more than the national population) have some financial worries, most commonly a lack of savings to cover retirement or other needs. And, more than half (55%) do *not* feel very prepared, financially speaking, for an emergency.
- Moreover, a significant minority of servicemembers are more worried today (than they were one year ago) about: being able to save for future goals (37%); having enough money to cover unexpected expenses or emergencies (31%); meeting basic household needs (25%); and being able to make debt payments on time (22%).
- In addition, almost 1 in 5 servicemembers have job-related concerns (17%). And while close to 8 in 10 servicemembers (79%) expect to have a job in the military two years from now, most still express some concern about their job security, either the stability of their future income leading to cutbacks in personal spending (65%) or the potential loss of income from defense cuts and downsizing (57%).

SECTION 600 – SCREENER**BASE: QUALIFIED RESPONDENTS****Q600** Are you currently an active, enlisted member of the U.S. military?

	N=	267
Yes		100%
No		-

BASE: QUALIFIED RESPONDENTS**Q602** What is your current rank?

	N=	267
E-1		6%
E-2		3%
E-3		13%
E-4		17%
E-5		15%
E-6		17%
E-7		15%
E-8		5%
E-9		8%
Other		-
Not sure		-

BASE: QUALIFIED RESPONDENTS**Q605** In which branch or component of the military are you currently enlisted?

	N=	267
Army		48%
Air Force		21%
Navy		20%
Marine Corps		9%
Coast Guard		2%
Reserve member (including National Guard)		-

SECTION 700 – PERSONAL FINANCES**BASE: QUALIFIED AND MARRIED/LIVING WITH PARTNER**

Q700 Are you the **primary income earner** in your household, that is, the person with the largest income, whether from employment, pensions, state benefits, investments or any other source?

	N=	183
Yes, I am the primary income earner.		88%
Another member of my household and I are the primary income earners of about equal amounts.		9%
No, I am not the primary income earner.		3%

BASE: QUALIFIED AND MARRIED/LIVING WITH PARTNER

Q702 How involved are you in the decision-making for financial decisions in your household?

	N=	183
I have little or no influence in decisions regarding finances.		9%
AT LEAST SOME INFLUENCE (NET)		91%
I have some influence in decisions regarding finances.		9%
MAJOR/SOLE DECISION-MAKER (SUB-NET)		83%
I have a major influence in decisions regarding finances.		54%
I am the sole decision maker for finances.		29%

BASE: QUALIFIED RESPONDENTS**Q710** In the past 12 months, what financial services, if any, have you used? Please select **all** that apply.

	N=	267
ANY (NET)		98%
BANK OR CREDIT UNION (SUB-NET)		92%
CHECKING/SAVINGS ACCOUNT (SUB-SUB-NET)		86%
Checking account at a bank or credit union		77%
Savings account at a bank or credit union		73%
Debit card connected to a checking account at a bank or credit union		71%
Overdraft from your checking account at a bank or credit union		17%
Credit card		80%
Prepaid debit card, such as a non-credit Visa or MasterCard on which you can load your own funds or receive government or payroll funds		23%
Non-retirement investment account such as mutual funds or other brokerage platform		20%
Check cashing store		15%
Some other type of financial service		9%
None		2%

BASE: QUALIFIED RESPONDENTS**Q715** Which of the following best describes how you manage your money?

		NFCC 2014 FLS	NFCC 2013 FLS
N=	267	2,016	2,037
	A	B	C
I have a budget and keep close track of how much I spend on such things as food, housing and entertainment.	55% BC	39%	40%
DON'T HAVE A BUDGET (NET)	45%	61% A	60% A
I have a somewhat good idea about how much I spend on such things as food, housing and entertainment, but I don't keep strict track of my spending on these things.	36%	48% A	48% A
I don't have a good idea how much I spend on such things as food, housing and entertainment, but I keep track of my overall spending and try to stay within certain limits that I've set for myself.	6%	8%	8%
I don't have a good idea how much I spend on such things as food, housing and entertainment, and I often don't keep track of my overall spending.	3%	5%	4%

BASE: QUALIFIED RESPONDENTS**Q720** Which of the following best describes your financial situation?

		NFCC 2014 FLS	NFCC 2013 FLS
N=	267	2,016	2,037
	A	B	C
I pay all of my bills on time and have no debts in collection.	83% BC	71%	71%
DON'T PAY ALL BILLS ON TIME (NET)	16%	24% A	26% A
I sometimes miss a payment but have no debts in collection.	10%	10%	10%
I struggle to pay my bills every month but have no debts in collection.	3%	7% A	8% A
I am getting calls from collectors and struggle to pay my bills every month.	3%	6% A	5%
I am seriously considering filing for bankruptcy or have filed for bankruptcy in the past three years.	-	1% A	2% AB
I am not involved at all in any financial decisions including how money is spent in my household.	1%	4% A	3% A

BASE: QUALIFIED RESPONDENTS**Q730** Do you have any savings, excluding retirement savings?

		NFCC 2014 FLS	NFCC 2013 FLS
N=	267	2,016	2,037
	A	B	C
Yes	87% BC	66%	69% B
No	13%	34% AC	31% A

BASE: QUALIFIED RESPONDENTS

Q735 On average, what percentage of your household's income do you save every year for retirement?

		NFCC 2014 FLS	NFCC 2013 FLS
	N=	2,016	2,037
	A	B	C
0% or nothing	8%	32% A	31% A
ANY (NET)	87% BC	58%	59%
1% to 10%	47% BC	35%	37%
11% to 20%	27% BC	16%	16%
More than 20%	12% BC	6%	6%
Decline to answer	5%	11% A	10% A

BASE: QUALIFIED RESPONDENTS

Q740 How confident do you feel about your ability to meet your future financial obligations?

	N=	267
VERY/EXTREMELY CONFIDENT (NET)		59%
Extremely confident		22%
Very confident		37%
NOT AT ALL/SOMEWHAT CONFIDENT (NET)		41%
Somewhat confident		35%
Not at all confident		6%

BASE: QUALIFIED RESPONDENTS

Q745 How well prepared do you believe you are, financially speaking, for an emergency?

	N=	267
VERY/COMPLETELY PREPARED (NET)		45%
Completely prepared		19%
Very prepared		26%
NOT AT ALL/SOMEWHAT PREPARED (NET)		55%
Somewhat prepared		45%
Not prepared at all		10%

SECTION 800 – LOANS/CREDIT

BASE: QUALIFIED RESPONDENTS

Q800 Roughly how much credit card debt, if any, does your household carry from month to month?

		NFCC 2014 FLS	NFCC 2013 FLS
N=	267	2,016	2,037
	A	B	C
None	26%	49% AC	45% A
ANY (NET)	58% BC	34%	37% B
LESS THAN \$2,500 (SUB-NET)	39% BC	18%	21% B
\$1 - \$499	23% BC	8%	8%
\$500 - \$999	6%	4%	5%
\$1,000 - \$2,499	9%	6%	8% B
\$2,500 OR MORE (SUB-NET)	20%	15%	16%
\$2,500 - \$4,999	8% BC	4%	4%
\$5,000 - \$9,999	5%	5%	5%
\$10,000 or more	7%	6%	7%
Decline to answer	16%	18%	18%

BASE: QUALIFIED RESPONDENTS

Q801 In the last 12 months, have you...? Please select all that apply.

		NFCC 2014 FLS	NFCC 2013 FLS
N=	267	2,016	2,037
	A	B	C
ANY (NET)	50% BC	31%	35% B
Applied for a new credit card	28% BC	14%	17% B
Transferred the balance from one credit card to another	11% BC	4%	6% B
Missed a credit card payment	11% BC	3%	4%
Cancelled a credit card	9% B	5%	6%
Been rejected for a new credit card	9%	7%	8%
Been late making a credit card payment	7%	7%	8%
Made a payment that was less than the minimum payment required	6% B	3%	4%
Obtained a cash advance from my credit card company	5% B	2%	3% B
Consolidated my credit card debt into a personal bill consolidation loan	5% BC	1%	2% B
None of these	50%	69% AC	65% A

BASE: QUALIFIED RESPONDENTS

Q802 Compared to 12 months ago, does your household now carry more, less, or about the same amount of credit card debt from month to month?

	N=	267
Less		41%
About the same		45%
More		14%

BASE: QUALIFIED RESPONDENTS

Q803 How many credit cards does your household have?

	N=	267
0		4%
ANY (NET)		88%
1 – 4 (SUB-NET)		69%
1		20%
2		28%
3		9%
4		13%
5		7%
6 – 10		9%
More than 10		3%
Decline to answer		7%
MEAN		3.3
MEDIAN		2

BASE: QUALIFIED RESPONDENTS**Q805** From which of the following sources, if any, have you taken a loan in the past 12 months?Please select **all** that apply.

N=	267
TAKEN A LOAN IN PAST 12 MONTHS (NET)	49%
MILITARY RELIEF SOCIETY/ON-BASE BANK (SUB-NET)	24%
On-base bank or credit union	15%
Military Relief Society (e.g. Army Relief, Air Force Aid)	11%
OFF-BASE BANK/FINANCE COMPANY (SUB-NET)	20%
Off-base consumer bank (e.g. Citibank, Bank of America)	14%
Off-base consumer finance company (i.e., installment loan)	9%
A credit card	18%
Friends or family	13%
Cash advance or payday loan company (online or storefront)	6%
Other	4%
I have not taken a loan in the past 12 months.	51%

BASE: TAKEN A LOAN**Q810** You indicated that you have taken a loan in the past 12 months. How much do you agree or disagree with each of the following statements regarding the most recent loan you received?

N=	154	
	STRONGLY/ SOMEWHAT AGREE (NET)	Strongly Agree
I was approved for the amount of loan I needed.	85%	54%
There were an adequate number of lending options available to me when I was seeking a loan.	81%	33%
I was satisfied with the interest rate and terms I was able to secure.	79%	37%
I was pleased with my overall loan experience and the service I received.	79%	42%
Finding a traditional lending institution that would offer and approve the loan I needed was relatively easy.	78%	41%
My credit rating/score affected my ability to get a loan.	70%	38%
Limited lending options required me to look for alternative, non-traditional lenders to meet my needs.	60%	25%

SECTION 900 – FINANCIAL LITERACY

BASE: QUALIFIED RESPONDENTS

Q900 On a scale from A to F, what grade would you give yourself in terms of your knowledge about personal finance?

		NFCC 2014 FLS	NFCC 2013 FLS
N=	267	2,016	2,037
	A	B	C
A/B (NET)	70% BC	59%	60%
A	27% BC	18%	18%
B	43%	41%	42%
C	23%	31% A	31% A
D/F (NET)	8%	10%	9%
D	3%	7% A	7% A
F	4%	3% C	2%

BASE: QUALIFIED RESPONDENTS

Q902 How strongly do you agree or disagree with the following statement?

Considering what I already know about personal finance, I could still benefit from some advice and answers to everyday financial questions from a professional.

		NFCC 2014 FLS	NFCC 2013 FLS
N=	267	2,016	2,037
	A	B	C
STRONGLY/SOMEWHAT AGREE (NET)	80% B	73%	78% B
Strongly agree	31% B	20%	27% B
Somewhat agree	49%	53%	51%
STRONGLY/SOMEWHAT DISAGREE (NET)	20%	27% AC	22%
Somewhat disagree	16%	18% C	14%
Strongly disagree	4%	10% AC	8% A

BASE: QUALIFIED RESPONDENTS

Q905 Of the following sources, which one do you think has taught you the **most** about personal finance?

	N=	267
MILITARY (NET)		31%
Educational resources offered by the military (e.g. Military One Source, Family Readiness Center)		26%
Chain of Command		5%
Family members		21%
A civilian financial professional		14%
Self-help books, websites or other resources		14%
High school and/or college courses		7%
Friends		6%
Other		6%

BASE: QUALIFIED RESPONDENTS

Q910 If you were having a problem related to debt, which **one** of the following would be the **first place** you turn to for help?

	N=	267
WOULD TURN FOR HELP (NET)		91%
MILITARY (SUB-NET)		29%
A Military Relief Society (e.g. Army Relief, Air Force Aid)		22%
Chain of Command		7%
Your primary bank		22%
Friends and family		21%
A do-it yourself tool to pay down debt		10%
A professional non-profit credit counseling agency		7%
Other		2%
Would not turn for help		9%

BASE: WOULD TURN FOR HELP

Q915 If you were having a problem related to debt, where else would you turn for help? Please select all that apply.

N=	253
WOULD TURN ELSEWHERE FOR HELP (NET)	93%
MILITARY (SUB-NET)	43%
A Military Relief Society (e.g. Army Relief, Air Force Aid)	28%
Chain of Command	21%
Friends and family	32%
Your primary bank	31%
A professional non-profit credit counseling agency	23%
A do-it yourself tool to pay down debt	19%
Other	4%
Would not turn for help	7%

SECTION 1000 – CONFIDENCE AND JOB SECURITY

BASE: QUALIFIED RESPONDENTS

Q1010 Which of the following areas of personal finance, if any, currently worries you **most**?

		NFCC 2014 FLS
N=	267	2,016
	A	B
HAVE FINANCIAL WORRIES (NET)	77% B	71%
NOT ENOUGH SAVINGS (SUB-NET)	25%	31% A
Retiring without having enough money set aside	14%	16%
Not enough “rainy day” savings for an emergency	12%	16%
JOB-RELATED (SUB-NET)	17%	13%
Losing my job	10%	7%
Not being able to find a good-paying job	8%	6%
CREDIT SCORE/ACCESS (SUB-NET)	10% B	4%
My credit score	8% B	3%
My lack of access to credit	2%	1%
NOT BEING ABLE TO PAY (SUB-NET)	10%	7%
Not being able to repay my student loan debt	5% B	2%
Not being able to pay my credit card debt	3%	4%
Not being able to make my monthly vehicle payments	2%	1%
Not being able to pay my existing medical debt	1%	1%
Not being able to afford to send my child(ren) to college	4%	2%
Not having a good, overall understanding of personal finance	4%	2%
Feeling as though my personal financial situation is out of control	3%	3%
Not being able to afford health insurance	1%	4% A
That I may have to file for bankruptcy	1%	*
Losing my home to foreclosure	1%	1%
Other	*	3%
None – I do not have any financial worries.	19%	25% A
Not sure	4%	4%

BASE: QUALIFIED RESPONDENTS**Q1015** How much do you agree or disagree with each of the following?

N=	267	
	STRONGLY/ SOMEWHAT AGREE (NET)	Strongly Agree
I expect to still have a job in the military two years from now.	79%	40%
Concerns about the stability of my future income have led me to cut back on personal spending.	65%	22%
I am very worried about the potential loss of income and job security resulting from defense cuts and downsizing.	57%	29%
Concerns about the stability of my future income have led me to put away less money in long-term savings.	44%	15%
I would have difficulty finding an adequate lending/loan option in the event of an emergency or unexpected expense.	41%	13%

BASE: QUALIFIED RESPONDENTS**Q1020** Compared to 12 months ago, are you more worried or less worried about each of the following, or has there been no change?

N=	267		
	MORE WORRIED (NET)	No more or less worried	LESS WORRIED (NET)
Being able to save for future goals	37%	31%	32%
Having enough money to cover unexpected expenses or emergencies	31%	35%	33%
How my financial situation will affect my future in the military	28%	42%	30%
Meeting my basic household expenses (e.g., groceries, transportation)	25%	42%	33%
Being able to make debt payments on time	22%	45%	33%

SECTION 300 – DEMOGRAPHICS**BASE: QUALIFIED RESPONDENTS****Q268** Gender

	N=	267
Male		83%
Female		17%

BASE: QUALIFIED RESPONDENTS**Q280** Age

	N=	267
18 – 34 (NET)		71%
18 – 24		26%
25 – 29		26%
30 – 34		19%
35 – 44		20%
45 – 54		8%
55+		1%
MEAN		30.8 years old
MEDIAN		29 years old

BASE: QUALIFIED RESPONDENTS**Q364** Marital Status

	N=	267
Never married		40%
MARRIED/LIVING W PARTNER (NET)		53%
Married or civil union		50%
Living with partner		4%
Divorced		3%
Separated		3%
Widow/Widower		1%

BASE: QUALIFIED RESPONDENTS**Q410** Employment Status

	N=	267
Employed full time		94%
Employed part time		3%
Self-employed		1%
Not employed, but looking for work		-
Not employed and not looking for work		*
Retired		*
Not employed, unable to work due to a disability or illness		-
Student		2%
Stay-at-home spouse or partner		-

BASE: QUALIFIED RESPONDENTS**Q320** U.S. Region

	N=	267
East		20%
Midwest		10%
South		43%
West		23%
Non-U.S. state		4%
No answer		*

BASE: QUALIFIED RESPONDENTS

Q437 What is the highest level of education you have completed or the highest degree you have received?

	N=	267
HIGH SCHOOL OR LESS (NET)		19%
Less than high school		3%
Completed some high school		2%
Completed high school		13%
ATTENDED COLLEGE OR COLLEGE DEGREE (NET)		68%
Some college, but no degree		36%
Associate Degree		15%
College (such as B.A., B.S.)		17%
ATTENDED GRADUATE SCHOOL OR GRADUATE DEGREE (NET)		11%
Some graduate school, but no degree		5%
Graduate degree (such as MBA, MS, M.D., Ph.D.)		6%
Job-specific training program(s) after high school		3%

BASE: QUALIFIED RESPONDENTS

Q462 Which of the following income categories best describes your total 2013 household income before taxes?

	N=	267
LESS THAN \$35K (NET)		22%
Less than \$15,000		1%
\$15,000 to \$24,999		13%
\$25,000 to \$34,999		8%
\$35K – LESS THAN \$75K (NET)		38%
\$35,000 to \$49,999		20%
\$50,000 to \$74,999		18%
\$75K OR MORE (NET)		34%
\$75,000 to \$99,999		21%
\$100,000 to \$124,999		7%
\$125,000 to \$149,999		3%
\$150,000 to \$199,999		2%
\$250,000 or more		1%
Decline to answer		5%

BASE: QUALIFIED RESPONDENTS

Q485 Race/Ethnicity

	N=	267
White		61%
Hispanic		14%
BLACK/AFRICAN-AMERICAN (NET)		13%
Black		12%
African American		1%
Asian or Pacific Islander		7%
Native American or Alaskan Native		1%
Mixed race		2%
Decline to answer		2%