Summary of Selected Findings: Military Service Members

Making Ends Meet
Difficulty covering expenses and paying bills
- Very difficult 10%
- Somewhat difficult 31%
- Not at all difficult 57%

Spending vs. saving
- Spending less than income 51%
- Spending about equal to income 28%
- Spending more than income 19%

Overdraw checking account occasionally 25%

Have unpaid medical bills 16%

Number of times mortgage payments have been late
- Once 12%
- More than once 10%

Have taken a loan from retirement account in past year 19%
Have taken a hardship withdrawal from retirement account in past year 16%

Have experienced large unexpected drop in income in past year 29%

Planning Ahead
Have emergency funds 54%
Do not have emergency funds 43%

Have tried to figure out retirement savings needs 51%
Have not tried to figure out retirement savings needs 46%

Have set aside money for children's college education 58%
Have not set aside money for children's college education 40%

Retirement Accounts
Have employer-provided retirement plan (e.g., pension plan, TSP) 69%
Have non-employer retirement plan (e.g., IRA, Keogh, SEP, etc.) 39%

Regularly contribute to self-directed retirement account 87%
Stocks, Bonds, and Mutual Funds
Invest in stocks, bonds, mutual funds, or other securities outside of retirement account 50%  
All except unbanked respondents

Managing Financial Products
Managing Money
Payment methods used frequently
- Cash 26%
- Paper checks 10%
- Credit cards 41%
- Debit cards tied to bank account 56%
- Pre-paid debit cards 8%
- Online payments directly from bank account 52%
- Money orders 8%

Banking
Have checking account 95%
Have savings account, money market account, or CDs 91%

Mortgages
Have mortgage 86%  Homeowners
Have home equity loan 26%  Homeowners

Home “underwater” (negative equity) 38%  Homeowners

Credit Cards
Credit card behaviors in past year
- Always paid credit cards in full 49%
- Carried over a balance and was charged interest 57%  Respondents with credit cards
- Paid the minimum payment only 39%  Respondents with credit cards
- Charged a late fee for late payment 20%
- Charged an over the limit fee for exceeding credit line 15%
- Used the cards for a cash advance 18%

Other Debt
Have student loan 38%
Have auto loan 63%

Non-Bank Borrowing
Non-bank borrowing methods used in past 5 years
- Auto title loan 20%
- Short term ‘payday’ loan 18%
- Advance on tax refund (refund anticipation check) 14%
- Pawn shop 23%
- Rent-to-own store 18%

Used one or more non-bank borrowing methods in past 5 years 35%
Financial Knowledge & Decision-Making

Financial Literacy

Suppose you had $100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?

More than $102 (correct answer) 79%
Exactly $102 9%
Less than $102 3%
Don’t know 8%

Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?

More than today 14%
Exactly the same 12%
Less than today (correct answer) 59%
Don’t know 13%

If interest rates rise, what will typically happen to bond prices?

They will rise 26%
They will fall (correct answer) 28%
They will stay the same 6%
There is no relationship between bond prices and the interest rate 9%
Don’t know 30%

A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less.

True (correct answer) 82%
False 8%
Don’t know 9%

Buying a single company’s stock usually provides a safer return than a stock mutual fund.

True 14%
False (correct answer) 57%
Don’t know 28%

4 or 5 correct quiz answers 45%
3 or fewer correct quiz answers 55%

Mean number of correct quiz answers 3.05
Mean number of incorrect quiz answers 1.01
Mean number of “don’t know” quiz answers 0.87

Comparison Shopping

Compared credit cards 49%
Did not compare credit cards 46%
Credit Reports and Credit Scores

Obtained a copy of credit report in past year 62%
Checked credit score in past year 66%

Notes:

Figures are weighted by gender, pay grade and active vs. reserve service component.

Percentages may not add up to 100 because of missing or “don’t know” responses.

Findings are based on the 2012 Military Survey administered to respondents in August and September 2012, supplemented by military service members from the 2012 State-by-State Survey fielded between July and October 2012.

More information about the National Financial Capability Study can be found at www.USFinancialCapability.org