

# Financial Management

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A Soldier's financial readiness can directly affect where their motivation and dedication lies. Leader involvement in monitoring that readiness by coaching them on individual financial responsibility can mean the difference between a Soldier being able to take his or her place as an Army leader, or being separated from service. (U.S. Army photo by C. Todd Lopez)

Even the most proficient, well trained Soldiers in the Army are of little use if they cannot effectively perform their duties or deploy with their unit when called upon. There are many aspects of unit readiness that organizational leaders from the first line leaders up must be involved in; financial readiness being one of those and one that likely merits much more focus than it may be receiving. It is not typically a high value target and doesn't usually get much more attention than ensuring powers of attorney are drawn up when needed and allotments are in place for bills. In units that are not pending deployment, it seldom gets leader attention until a Soldier's financial irresponsibility or neglect is brought to the commander's attention.

In the Human Resources Division of Combined Security Transition Command – Afghanistan, one of our areas of responsibility was accessions and recruitment. We needed to help grow the Afghan National Army (by a number I can't recall right now) and our Recruiting Assistance Teams were doing a great job helping to recruit Soldiers from villages throughout the country by "selling" the benefits of serving and protecting their country. This is not a political military paper, so I will not go into the nation building and winning the hearts and minds aspects of the mission. The key point for this discussion is the financial incentives of their service to the Government of the Islamic Republic of Afghanistan instead of other employment options.

The paycheck is typically a prime motivator in choosing employment. And, as one would expect, a significant percentage of the Afghan men who enlisted did so in order to support their families. We were making headway on the recruitment side of the mission but we weren't closing the gap in regards to meeting the required end strength.

Across the hall in the Personnel Actions Directorate they were trying to solve the widespread absent without leave epidemic. The finance section was trying to figure out how to prevent the ongoing and costly problem of Afghan pay officers pocketing Soldier earnings when they weren't there

for pay call. Each section was getting after their particular problem and was focused on developing and emplacing sustainable solutions. But by looking across the division and seeing the challenges each directorate was struggling with, it was easy to see that the root cause was the pay system itself.

In order to bolster a sense of nationality, assignments were strategically managed to ensure units throughout the country were comprised of cross sections of the Afghan ethnic groups. This meant that most Soldiers were stationed far from their homes.

They did not have access to banking systems to be able to deposit the pay they received in cash. There was no direct deposit option and no way to get the money home, except to take it there themselves. It could take days, or even weeks, for them to get home and back. During this time they were considered AWOL, which negatively affected their next paycheck. So some of them decided it wasn't worth the hassle or risks to keep serving in the ANA and chose different employment. That in and of itself, is a different discussion.

The problems generated by Soldiers not having adequate means to manage their finances were affecting the ability of the Ministry of Defense, Afghan Security Forces and Coalition Forces to reach required end strength and develop a national Army that would eventually be able to take lead in the protection and guardianship of their own country. Soldiers' financial management, or the lack thereof, resulted in the loss of many trained Soldiers by inadvertently encouraging AWOL and desertion, feeding corruption that resulted in the loss of millions of dollars and hindering the forward progress of a country that has been at war for decades.

So, why would I subject you to such a boring story of human resource (yawn) trials and tribulations? Because it is a great example, taken outside the context of our military and our Soldiers that I could use to demonstrate how much of an impact Soldier financial readiness can have on units and the Army as a whole. A Soldier's financial readiness can directly affect where their motivation and dedication lies. Leader involvement in monitoring that readiness by coaching them on individual financial responsibility and sharing your knowledge of financial assistance services and training programs can literally mean the difference between a Soldier being able to take his or her place as an Army leader, or being separated from service.

Financial readiness affects many areas of a Soldier's life, both at home and in the unit. The Soldier's credit isn't the only thing damaged. We are all aware of how the stresses and strains of financial problems can destroy families and personal relationships. Tensions caused by financial trouble can lead to a family breaking up, resulting in the Soldier being distracted from focusing on his or her mission. And, unfortunately, it sometimes leads to domestic violence in the home.

Soldiers that can't properly manage their financial responsibilities degrade unit readiness. They can lose their security clearances, resulting in them not being able to do the job that they were trained and assigned to perform. They stay on our rolls and prevent us from being able to requisition a replacement. We have to find somewhere to gainfully employ them which does not require a clearance; which is often easier said than done in some units. Other Soldiers then have to pick up their duties and responsibilities. A Soldier's financial irresponsibility also tarnishes the Army's image. Our country expects more of us as military professionals and negative behaviors or actions of an individual Soldier reflects badly upon the entire organization.

By regulation, Soldiers are required to pay their debts on time and manage their financial business in a satisfactory manner. The Army Regulation that governs Soldier and leader responsibility and actions regarding financial and debt management is *AR 600-15, Indebtedness of Military Personnel*.

All leaders need to read this regulation in order to know and understand the parameters of their Soldiers', and their own, responsibility. We all know that ensuring Soldiers pay their bills and honor their debt is one of our responsibilities. Although, it appears some leaders may not fully understand our rules of engagement in this area. For example, we do not have legal authority to force a Soldier to pay or set up allotments to pay private debts. Only civil authorities can enforce payment of private debt.

Soldiers can choose to set up allotments to pay debts to their creditors' financial institutions. They may also choose to set up automatic payment transfers from their bank accounts, if the bank offers this service. We can counsel them about possible ways to resolve the problem. Creditors, however, cannot request that a Soldier pay by allotment, send the Soldier examples of allotment forms or give them instructions on how to do it. Nor can they request that a Soldier set up a bank account from which to pay the debt.

Creditors often contact a Soldier's first sergeant and commander requesting action because they know it's mandatory for Soldiers to honor their financial obligations, and that failure to do so is punishable under the Uniform Code of Military Justice. But they must follow the procedures outlined in *AR 600-15, Chapter 4* in order to submit debt complaints through a Soldier's chain of command. If commanders receive debt complaints that do not follow the procedures prescribed in this chapter, they are to return the complaint to the creditor without action.

If a commander receives a debt complaint that meets criteria in Chapter 4, he or she must take action as prescribed in *AR 600-15*. I am intentionally not laying them out here to encourage leaders to dig into the regulation.

Commanders cannot tolerate financial irresponsibility, neglect, dishonesty or evasiveness. If a Soldier is not trying to resolve unpaid debts promptly or receives repeated complaints of failure to pay debts, they must consider making it a matter of permanent record (*IAW AR 600-37, Unfavorable Information*), imposing a bar to reenlistment, initiating a chapter, and/or imposing punishment under the UCMJ.

If a soldier shows negligence, disregard or unwillingness to pay his/her debts, the commander may decide whether to place a letter of reprimand, admonition or censure in the Soldier's official personnel file. The Army requires that all-inclusive information of Soldier qualifications be on file in

order to prevent the selection of Soldiers for positions of leadership, trust and responsibility whose qualifications are questionable. If a commander believes it does not merit filing in the Soldier's official personnel file, he or she must continue to monitor the situation, ensure the Soldier receives appropriate guidance and help and they may consider action at a later time, if necessary.

I know this is stating the obvious, but writing bad checks is illegal. Commanders are required to respond to all dishonored check complaints. An exception is that they are not required to take any action if a Soldier rectifies a check that is not honored due to bank error, illegibility or failure to date the check within five days of being notified. Soldiers can be held responsible for bad checks written by family members if they stand for debt the Soldier is legally liable for. That is a little piece of information that Soldiers almost always seem surprised to hear.

The way to stay ahead of this is through engaged leadership and education. First we, the leaders, need to ensure we understand the regulations and policies that apply to Soldier financial management. Then we need to make sure we teach our Soldiers their responsibilities and how to manage them. First sergeants should review command financial reports before their commanders do and discuss anything that could be cause for concern. First line leaders need to establish trust with their Soldiers so they might feel comfortable asking for advice or assistance before their finances become a command issue.

We don't have to wait until there is a problem to address issues we know affect our Soldiers and units. Be proactive in taking advantage of available financial and debt management resources. Ask agency representatives or directors to come to your unit and provide informational briefings. Address financial responsibility in reception and integration counseling. Make use of forums like newcomer briefs to provide advice such as avoidance of payday or signature loan agencies, waiting until after they research all options before entering into local cell phone contracts, and any other financial hazards that may be unique to your area. Know your Soldiers and look for warning signs and indicators that they might be having or be at risk for in regards to financial difficulties. Talk to your Soldiers... and listen.

If you would like to learn more about this topic it is recommended that you read the following publications: *AR* (<http://usahec.contentdm.oclc.org/utis/getdownloaditem/collection/p16635coll11/id/3839/filename/3852.pdf/mapsto/pdf>) 600-15, *Indebtedness of Military Personnel* (<http://usahec.contentdm.oclc.org/utis/getdownloaditem/collection/p16635coll11/id/3839/filename/3852.pdf/mapsto/pdf>), 14 March 1986; *AR* ([https://www.apd.army.mil/epubs/DR\\_pubs/DR\\_a/pdf/web/r600\\_37.pdf](https://www.apd.army.mil/epubs/DR_pubs/DR_a/pdf/web/r600_37.pdf)) 600-37, *Unfavorable Information* ([https://www.apd.army.mil/epubs/DR\\_pubs/DR\\_a/pdf/web/r600\\_37.pdf](https://www.apd.army.mil/epubs/DR_pubs/DR_a/pdf/web/r600_37.pdf)), 19 December 1986; and the Uniform Code of Military Justice (<http://www.ucmj.us/>).