



A U.S. Army Soldier puts money into a "piggy bank" at Fort Knox, Ky., June 14, 2019. Army Community Service advises Soldiers that an emergency fund is an important way to pay for unexpected emergencies that might otherwise cause them to charge up debt or to dig into their long term savings. (U.S. Army photo by G. Anthonie Riis)

Leader Development and Financial Readiness

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U.S. Army Logistics Captains Career Course

Personal finance is an important part of every Soldier's life, yet despite its significance, Soldiers often neglect their financial health until it negatively affects their work performance and unit readiness. The Army's approach to leader development lacks a comprehensive framework for financial readiness. To bridge this gap and increase unit performance, Army leaders should instill financial readiness in leader development programs by creating leadership tools, implementing targeted financial literacy training, and using effective counseling methods.

Background

Despite congressional mandate for financial literacy for service members and their families, the Army has yet to build an operational framework within leader development to mitigate financial stress. Updated in 2016, *Title 10 United States Code for the Armed Forces, Section 992*, identifies 12 occasions for financial literacy training for service members, from entry-level training, to updating contributions to the Thrift Savings Plan (TSP) under the new Blended Retirement System (BRS), as well as major

life events such as marriage (Armed Forces, 1956). These events coincide with instances for counseling according to Army doctrine (Department of the Army, 2014).

As an institution, the Army has not recently updated regulatory or training doctrine to emphasize the need for personal financial responsibility in Soldiers, or recommended methods or guides to assist Army leaders in handling either personal financial stress or the stress of their subordinates. For example, *Field Manual 6-22: Leader Development* is entirely absent of any discussion on personal financial responsibility and its effect on personal readiness (Department of the Army, 2015). Although *Army Techniques Publication 6-22.5: A Leader's Guide to Soldier Health and Fitness* discusses financial problems in relation to discipline, behavioral health, family readiness, and suicide prevention, it doesn't offer structured methods for unit leaders to address financial issues (Department of the Army, 2016).

The Army is not ignoring financial health. In the newly updated *Training Circular 7-22.7: The Noncommissioned Officer Guide*, there is a push for Soldiers to learn financial strategies through their Financial Readiness Programs (FRPs) that are located throughout the Army at their respective locations. "The program provides financial guidance and support to Soldiers and their Families in the areas of general pay and allowances, entitlements, relocation, and credit reports" (Department of the Army, 2020, p. 8-6).

But the problem with the FRP is that these tools are outside the unit and can be difficult to consistently use in a Soldier's career/deployment cycle. Therefore, it is up to Army leaders to develop unit-level policy on financial readiness and integrate it with the unit's leader development program and training plan so that each Soldier's financial health can be consistently managed without negatively affecting the unit.

Solution

Army leaders could benefit from referencing the Marine Corps' policy and leadership tools for financial readiness and using it as a foundation. The Marine Corps identifies *finances* as one of the six functional areas of Marine Leader Development, along with *fidelity, fighter, fitness, family, and future* (Department of the Navy, 2017).

Marine leaders are instructed to use this comprehensive framework to focus training as it provides a detailed how-to on conducting a counseling session as well as a doctrinal guide to assist with values-based/Socratic discussions on financial readiness. It also includes a framework that identifies available resources for service members, discusses financial applications like reviewing their Leave and Earnings Statement, and discusses issues pertaining to finances and the family (Department of the Navy, 2016). Army NCOs can use these references to increase the quality and scope of their training plans and coaching/counseling sessions.



U.S. Army Sgt. Stacy-ann Colon, a financial management technician with the 33rd Financial Management Support Unit, 10th Mountain Division Sustainment Brigade, assists a Soldier with preparing taxes at the Tax Advisory Facility, Fort Drum, N.Y., Jan. 5, 2020. (U.S. Army photo by Sgt. Brandon Cox)

The Benefit

In a 2016 military family and financial stress study sponsored by the Department of Defense, the relevance, timing, and inclusion of family members in financial literacy is important to changing behavior (Military REACH Team, 2016). Army leaders could develop training plans and schedules that nest financial literacy training with existing programs and battle rhythm events related to personal readiness such as safety briefs and family readiness events. For example, commanders could invite certified financial planners or other professionals from Army Community Services (ACS) to attend family readiness events



Tom Martino, consumer advocate and radio talk show host for “The Troubleshooter,” answers questions during the Fort Carson Military Saves and National Consumer Protection Week Kick-off Event, Feb. 13, 2019. (Photo by Norman Shifflett)

and host ice-breaker games that teach and reinforce financial literacy.

Commanders could also encourage noncommissioned officers (NCOs) to attend ACS-sponsored situation-specific events with their Soldiers and Families, such as a class for budgeting for a newborn baby, or a spouse career fair. Both examples identify opportunities to educate and build trust while leveraging available resources and benefitting Soldiers at all levels.

Trust and financial literacy are also developed through effective counseling. However, despite the privacy of closed-door counseling sessions, financial matters can be uncomfortable for both the NCO and subordinate. NCOs should be prepared with methods to develop self-awareness in their Soldiers. One example would be

to frame the situation in a simple story or vignette where the Soldier can easily identify the benefits of changing their behavior (Department of the Navy, 2016, p. 15-35).

For example, a Soldier may not be contributing to a TSP while enrolled in the BRS, and is therefore leaving money on the table by only receiving the minimum 1% of basic pay, or \$25.55, government automatic contribution each month (Department of the Army, 2019). If the Soldier were to maximize their government matching contributions to merely 5%, or \$127.75 per month, they would receive over \$100 more per month, or over \$1,200.00 dollars of matched government money over a year, compared to not contributing at all. The counseling session could then turn to a simple discussion on changing allotments, budgeting, and saving and investing.

Conclusion

NCOs are not certified financial planners; however, by teaching financial fundamentals to subordinates, they can reduce the negative impact unplanned financial situations have on individual and unit readiness and impress upon their Soldiers the benefits of self-discipline, consistency, and goal setting. Development of these financial readiness soft skills translates directly to the Army Leadership Requirements Model (Department of the Army, 2019). By creating unit policy and leadership tools, implementing targeted financial literacy training, and using effective counseling methods, units can improve long-term subordinate development and increase overall readiness. ■

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