

# Putting Research to Work for Military Families



**Focus:**  
Multiple  
Branches

## Comparing Military and Civilian Household Finances: Descriptive Evidence From Recent Surveys

Skimmyhorn, W. L. (2016). Comparing military and civilian household finances: Descriptive evidence from recent surveys.

**SUMMARY:** Military families often have more distinct financial conditions than civilian households because of their military status. By analyzing survey data from the National Financial Capability Studies, this study compared the financial status of military households with civilian households. Results indicated both similarities and differences between the two groups.

### KEY FINDINGS:

- Compared to the civilian sample, the military sample had more types of saving accounts (i.e., an emergency fund, non-retirement investments, retirement investments from employer, and own retirement investments).
- The military sample had more problematic credit card behaviors (i.e., not paying in full, exceeding limit, paying a late fee, and cash advance).
- The uses of alternative financial services (i.e., taking a payday loan) were equivalent between the two groups.

### IMPLICATIONS FOR PROGRAMS:

Programs could:

- Develop workshops for Service members to help them make good financial choices
- Provide information regarding resources, such as financial consultation, for Service members who are experiencing financial difficulties
- Collaborate with financial institutions to design financial products that meet military families' needs

### IMPLICATIONS FOR POLICIES:

Policies could:

- Encourage the development of financial education programs to increase Service members' financial knowledge
- Recommend professionals who work with military families to participate in trainings on improving military families' financial well-being
- Raise awareness of the importance of good financial behaviors (e.g., avoid paying credit card late fees) on military families' financial well-being

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## METHODS

- Data were collected from the National Financial Capability Studies in 2009 and 2012.
- Three financial outcomes were examined in this study: the Saving Account Index, the Poor Credit Card Behavior Index, and the Alternative Financial Services Index.
- Data from the civilian and military samples were compared to examine differences in the finances between the two groups.

## PARTICIPANTS

- Participants were 13,446 civilians (59% female) and 606 Service members (18% female).
- All participants were between 18-45 years old with less than a college degree, and an annual income of less than \$75,000; all military participants were enlisted members of the following branches: Army, Navy, Air Force, and Marine Corps.
- The average ages and race/ethnicity breakdowns of the participants were not provided in the article.

## LIMITATIONS

- The similarities and differences between the 2009 and 2012 surveys were not indicated in the article, therefore it is not clear why data were drawn from two years instead of one.
- Because of the cross-sectional nature of the study, there is no clear evidence of the causal relationships between military status and financial outcomes.
- Other important financial outcomes, such as the total amount of savings, were not examined in the study, therefore the study may have not accurately examined participants' household financial status.

## AVENUES FOR FUTURE RESEARCH

Future research could:

- Collect additional data (such as risk preference) to pinpoint the reasons for the observed differences between civilian and military samples
- Examine factors that are related to Service members' financial well-being
- Investigate methods (such as financial workshops) that could increase Service members' financial well-being

## ASSESSING RESEARCH THAT WORKS



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