



San Diego Financial Literacy Center - Boost for our Heroes

**Impact Study on
Military Financial Readiness:
May 2014 - Nov 2015**

Executive Summary

The SDFLC military financial education program, Boost for our Heroes, is a comprehensive platform designed to help facilitate basic to intricate financial knowledge. Understanding the fundamentals and building blocks of personal finance is the first step on the financial journey that each member of the military must take. Through our unique understanding and behavioral economics, we are able to customize our curriculum and focus on the “why” and not the “how”. Offering our education in a collaborative and non-duplicative manner, the SDFLC is proud to partner with a myriad of agencies in San Diego County, including but not limited to:

- Navy Marine Corp Relief Society (NMCRS)
- Zero8Hundred
- Support the Enlisted Project (STEP)
- USO San Diego
- Fleet & Family Support Centers (FFSC)
- Operation Homefront

The SDFLC is also a proud member of the San Diego Military Family Collaborative (SDMFC) and has found the relationships that have allowed us to identify, focus, and educate towards what we consider to be the cornerstones of financial readiness and well-being: personal finance, education, employment, and housing.

Since the inception of the program nearly two years ago, our goal was to have an impact on our military community and act as the next evolution of education for our military personnel. Through our interactive workshops and seminars, combined with our confidential one-on-one consultation, we have had the privilege of working with thousands of active, transitioning, and veteran members of our military. This study will summarize our impacts, outcomes, outreach, successes, and challenges for the period between May 2014 and November 2015. We will also outline our strategic plans and project integration ideas for 2016 and beyond.



Our Mission

The mission of the San Diego Financial Literacy Center is to educate and empower individuals and families to make sound decisions and develop positive personal finance habits for life.

Our Boost for our Heroes program is available to all active, transitioning, and veteran members of the military and their families. We strive to be an asset to existing resources on installation and throughout the community and wish to provide continuing and additional education to all who seek it. Working directly with partners such as 2-1-1/ Courage to Call, Habitat for Humanity, and the County of San Diego Live Well Program, we can be a direct referral source for all things financial. With our myriad of partners, numbering over 150 as of 30 November 2015, we have the unique ability to act not only as an information portal, but also as a conduit of services to ensure that the needs of each constituent are met.

This program is important because our organization believes deeply in and supports the ongoing mission of our Armed Forces and too often, their needs are far greater than what one person or organization can handle. We are happy to be a complimentary resource and option for our military personnel and their families and look forward to a strong future as a financial readiness resource in San Diego County and beyond.

SDFLC in the Community

Starting in 1 May 2014 and through 30 November 2015, the SDFLC conducted:

- 62 Boost for our Heroes education and outreach events- reaching 11,127 constituents
- 321 one-on-one consults- focusing on development of budgets, spending plans, credit analysis, debt management, and future planning

13,513 constituents were impacted by our program. 2,065 constituents, 9% of our individual beneficiaries, were attendees at non-military specific events.

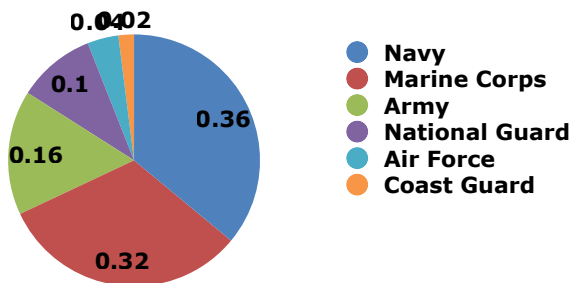
The SDFLC averages reaching 750 members of our military personnel each month.

Our Event & Education Highlights

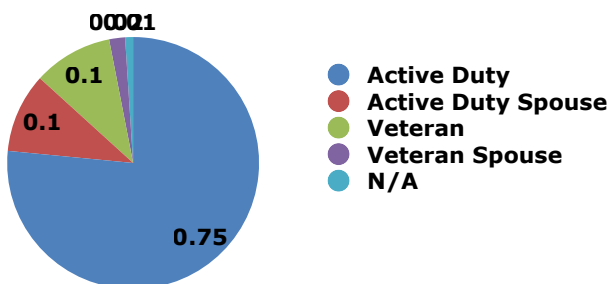
- Relationship, Parenting, and Marriage Expo at MCAS Miramar
- National Guard MP Company Yellow Ribbon Event
- STEP- Cammies to College
- Veteran Cancer Survivor Event at VA La Jolla
- FUNancial Family Carnival
- Financial Life Skills Program for homeless veterans
- Financial Transition Program for Naval Consolidated Brig Miramar (NCBM)
- VA Home Loan Workshops with Operation Homefront
- Financial Assessment Programs with Wounded Warrior Homes
- Employment Programs
- Boost for our Heroes Golf Classic

Our Data & Demographics

Branch

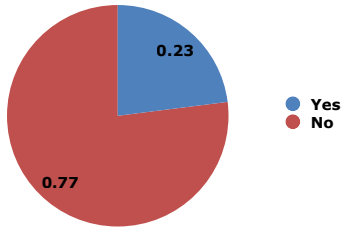


Attendees

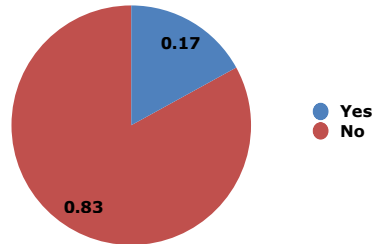


Credit Survey Results

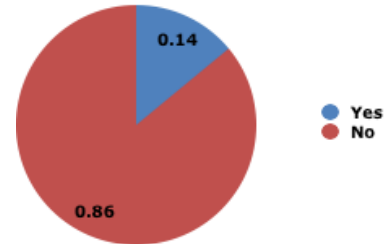
**Have you
looked at your
credit report in
the last year?**



**Do you know
your credit
score?**

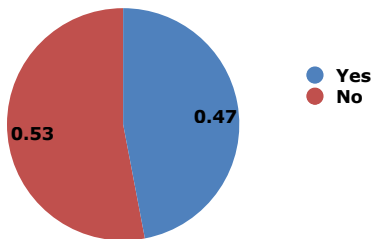


**Do you know
your debt-to-
income ratio?**

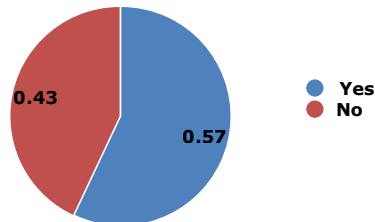


Budget Survey Results

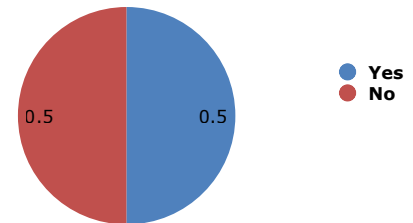
**Do you use a
budget?**



**Do you track
your
expenses?**



**Do you have
a savings
plan?**



Assessment

The SDFLC works on four outcomes:

- Increase Credit Scores
- Decrease Debt-to-Income Ratios/ Debt Management
- Increase Savings
- Increase Net Worth

Of the 321 one-on-one consultation assessments, in which we conduct budget analysis, credit analysis, debt analysis, and future planning, the following metrics have been analyzed:

- Average Credit Score: 565
- Average Unsecured Debt Load: \$18,435
- Average Time to Pay off Debt: 12 Years
- Average Debt-to-Income Ratio: 74%
- Average Savings: \$370

After development of a plan and wrap-around services, follow ups, and education the following metrics have been analyzed:

- Average Credit Score Increase: 66 Points
- Average Time to Pay off Debt Minimized to 46 Months to work towards a Debt-to-Income Ratio of 30%
- Average Increase in Monthly Savings: \$35

Key Performance Indicators:

- 63% of consultees don't have an emergency fund
- 19% of consultees don't have a checking or savings account
- 19% of consultees were prevented from getting a loan, etc. due to poor credit scores
- 69% of consultees have outstanding loans or debts
- 44% of consultees are concerned they will not be able to retire
- 44% of consultees worry about their monthly bills
- 11% of consultees participate in high-risk financial behaviors
- 33% of consultees have a positive outlook on their financial well-being
- 38% of consultees worry about providing for their family

Success & Challenges

We are happy to report that we have been able to partner with and assist more than 50 military agencies, groups and non-profit organizations throughout the community. Developing unique projects and programs to effectuate change for our entire military population; including military spouse and children in these programs is of the utmost importance. These relationships have been vital to the success of our programs and education. Nevertheless, we still face challenges that include low pay rates for personnel, poor acumen derived from past experiences, utilization of high-risk lending options, and an overall sense of not being able to admit an issue exists. We focus on identifying the root cause of financial issues and strive to become the preeminent “financial GPS” to assist our military community in their financial paths. Assisting them in overcoming obstacles is an absolute must if we are to be successful in maintaining financial readiness, capability, and well-being.



Studies show the top reasons for divorce, domestic violence, causing harm to oneself or others, loss of security clearance and early separation is financial management and uncertainty, which can also be a precursor to homelessness.

In December 2014, a study was conducted by Marine Corps Times, in which 2,300 active duty personnel were polled regarding finances. Of those responses, only 445 were happy with their pay and allowances, compared to 89% from just five years prior. According to the 2015 Annual Military Family Survey, the top three obstacles to financial security for active duty service members and their spouses were:

- Uncertainty in Military Life
- Military Spouse Deployment
- Saving for Retirement

The role of the SDFLC is to work collaboratively with our existing resources and community to provide comprehensive personal finance education and help our military personnel become and stay financially self-sufficient, maintaining their financial readiness.

¹ Financial Uncertainty haunts military families – Michelle Tan – Marine Corps Times – Dec 22, 2014, pp 11-12

² Blue Star Families 2015 Annual Military Family Lifestyle Survey – Comprehensive Report

Additional Stats & Challenges

Some of the obstacles currently faced by our military include:

- Low pay rates for enlisted military members with a 46% higher cost of living in San Diego compared to other military locations throughout the United States³
- Transition into civilian life can lead to long period of unemployment or underemployment which forces increased usage of credit cards, pay day loans, and other high-interest money borrowing
- Predatory lending techniques geared towards military personnel
- A general mismanagement of money- living paycheck-to-paycheck
- Following a cycle. Poor financial acumen by parents or mentors tend to lead to poor financial acumen
- Lack of substantiated income leads to increased use of credit cards
- Stigma faced by admitting that you may need help. This leads to further usage and increasing the amount of unsecured debt and poor financial decisions being made

Additional Stats⁴

- 65% of active duty personnel and 57% of veterans rate “Military Pay & Benefits” as their top financial concern
- 87% of service members say financial readiness training should be individualized
- 39% of service members are insecure about their financial future
- 77% of service members hold between one and eight credit cards
- 63% of active duty members don’t save for retirement because they cannot afford to do so

The numbers tell the story. The need for financial literacy and education is obvious and the strides being made by the community, the Department of Defense (DoD) and others is great, but we have more to do. Help the SDFLC and their partners turn San Diego into “America’s Finest Financially Literate City.”



³ SANDAG Study

⁴ 2015 Annual Military Family Lifestyle Survey

2016 & Beyond

Our strategic plan is clear:

- Develop new partners
- Sustain current partners
- Develop relationships with military leadership
- Continue working with existing resources on instillation
- Develop a technology suite, including a mobile app
- Continue to refine curriculum to meet the needs of our military
- Provide top-notch education using veteran volunteers
- Be mobile and agile to meet the needs of our military community
- Help as many personnel as we can
- Be the leader in financial readiness

About the Author



Brad Pagano is the Managing Director and Co-Founder of the San Diego Financial Literacy Center. He is responsible for the development of the strategic partnership program, the administration of the Corporate Social Responsibility (CSR) platform, as well as the oversight of fundraising, events, public relations, and marketing of the program.

With over 16 years of experience in the non-profit industry, including working with March of Dimes, American Cancer Society, and the Delaware State Chamber of Commerce, he has had responsibilities ranging from membership consulting to executive management.

His expertise is in the development of CSR programs, as well as development of long-term partnerships between non-profit and corporate entities. He holds a bachelor's degree in International Relations from the University of Delaware, has taken classes towards an MSM (Public Administration), and is a 2017 MBA Candidate (CSR) at Southern New Hampshire University.