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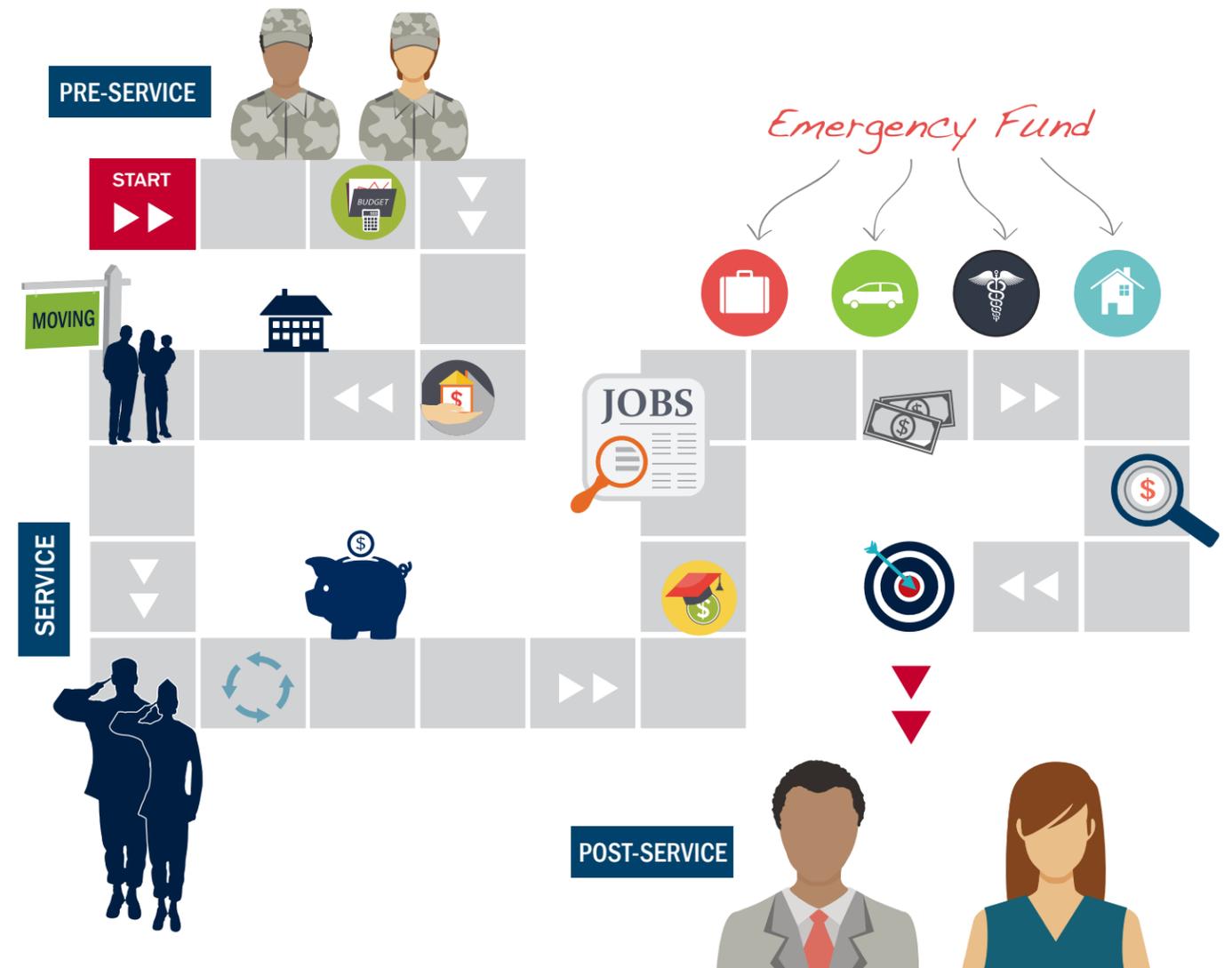
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EXECUTIVE SUMMARY

PATHWAYS TO OPPORTUNITY: Financial Flexibility and Workforce Readiness

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**ABOUT THE INSTITUTE FOR
VETERANS AND MILITARY FAMILIES
(IVMF)**

The IVMF is the first interdisciplinary national institute in higher education focused on the social, economic, education, and policy issues impacting veterans and their families post-service. Through the focus on veterans programming, research and policy, employment and employer support, and community engagement, the Institute provides in-depth analysis of the challenges facing the veteran community, captures best practices, and serves as a forum to facilitate new partnerships and strong relationships between the individuals and organizations committed to making a difference for veterans and military families.



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Executive Summary

Financial preparation is an often overlooked component of a service member's transition from the military.

Service members who are financially unprepared for transition, at best, limit their ability to respond to new opportunities, and, at worse, risk their (and possibly their family's) long-term economic well-being from employment gaps or unforeseen emergencies. By comparison, those who are financially ready for their transition will have greater flexibility to make critical choices—related to employment, advanced training, education, relocation, and more—that will have lasting effects on their lives, for better or for worse.

Still, most service members and veterans face atypical financial circumstances—both assets and liabilities—that affect their financial outlook differently than the average person making a career change. Thus, the goal for any service member is to maximize their range of options in transition by capitalizing on their unique assets² (education benefits, intangible leadership skills, etc.) and limiting potential liabilities (limited professional network, advanced education or training) through sound financial preparation.³

This report, the fourth in a series focused on workforce readiness for veterans, shares insights for financial success before, during, and after military life. Titled “Pathways to Opportunity: Financial Flexibility and Workforce Readiness,” the paper highlights:

- **related concepts of financial readiness and financial flexibility, and their connection to long-term workforce readiness;**
- **key factors such as education, employment, and debt that impact financial flexibility over time;**
- **unique military circumstances such as service-connected disabilities, spouse unemployment, and caregiving that may directly impact finances; and**
- **recommendations for veterans and government agencies who are best positioned to positively impact the financial behaviors of service members before and after their transition.**

Approximately half of all U.S. veterans hold a job in the civilian workforce and the majority of the one-million service members set to transition out of the military by 2020 will join the civilian workforce. For these individuals and their families, workforce preparation and vocational planning are critical to ensure family and financial stability during and after transition.⁴

Providing the military community financial readiness skills early and often will increase the likelihood of a successful transition into civilian work life and enable their long-term economic empowerment. By working together, public, private, and nonprofit sectors can amplify the message that meaningful employment, combined with financial literacy, sets veterans up for success by enabling them to make informed decisions about their finances, benefits, education and careers.



My message to transitioning service members is simple: plan early and stay engaged because transition is the mission.”

—Department of Veteran Affairs, Secretary Robert A. McDonald

Papers in the Workforce Readiness Series Include:

Paper one, “Work After Service: Developing Workforce Readiness and Veteran Talent for the Future,” marks the first in a series of short papers that will cover several veteran workforce readiness topics to include career preferences, financial readiness, job matching and employer perspectives on retention and workplace performance.

Paper two, “Revisiting the Business Case for Hiring a Veteran,” responds to a recent focus and debate on measuring companies’ return on investment for their veteran hiring programs, and emphasizes how employers can turn veteran talent into a competitive advantage in talent acquisition, talent deployment and talent development.

Paper three, “Workforce Readiness Alignment: The Relationship Between Job Preferences, Retention, and Earnings,” addresses the complex and interrelated relationship between veteran job preferences, skills-matching and performance and positive career outcomes such as retention and earnings.



Building Financial Flexibility

The goal in highlighting financial readiness behaviors is to show how a range of positive financial habits, if practiced over time, will improve a service members' ability to make choices at transition.

FINANCIAL READINESS BEHAVIOR	GENERAL EXAMPLE	VETERAN-SPECIFIC EXAMPLE
The ability to react to unexpected or unanticipated expenses.	Having ample savings or emergency funds.	Having a transition savings fund in addition to emergency savings (e.g. money saved to handle both emergencies and to cover potential financial issues during transition, including unemployment, underemployment, or for educational needs).
The ability to cover existing expenses and to respond to financial and employment opportunities.	Having ample savings or discretionary funds and the ability to apply for loans or credit.	The flexibility to weigh the pros and cons of job offers in a desired location, and the ability to complete educational or certification programs and meet other expenses in case of a period of unemployment.
The knowledge to leverage existing benefits and respond to changes in benefits.	Having savings to recover shortfalls from benefit changes and leveraging available benefits.	Staying abreast of benefit changes and their financial consequences. Understanding the cost of healthcare and other benefits after military separation or retirement.
The knowledge to make informed financial decisions.	Minimizing excessive debt, understanding interest rates, practicing good saving habits, using a budget and living within one's financial means.	Choosing educational programs with a good return on investment (e.g. job prospects, potential for employment). Reducing expenses during periods of transition or unemployment.
Minimizing excessive debt.	Understanding debt and minimizing credit card debt.	Avoiding payday lenders, making good educational investments, and leveraging all available benefits and VA home loans.
The flexibility to adjust to changes in geographic location after transition.	Understanding cost of living, tax advantages, and job market conditions.	Understanding state tax benefits for veterans and in-state tuition rates.
The ability to adjust to changes in employment, family income and salary over time.	Having realistic expectations about salary changes after transition and planning proactively.	Understanding the impact of alignment between education, MOS and earnings over time.
The ability to address educational or certification deficits that might require a period of unemployment.	Having awareness of available educational options, their costs, benefits, and planning to allow time to complete them.	Leveraging veteran and service member specific educational benefits, reducing expenses temporarily, relying on an employed spouse's income and transferring benefits to a spouse when appropriate or financially beneficial.

Recommendations

While service members are ultimately responsible for attending to their personal finances, our government and our nation must bear some responsibility to ensure they have the tools and resources to do so. Since the large majority of service members transition to the civilian workforce, the Departments of Defense, Veterans Affairs, Labor, and other public and private sector organizations all have a vested interest in helping veterans achieve economic security. After all, the all-volunteer force cannot be sustained if prospective members believe they will suffer financially for their service. Toward this end, we make the following recommendations:

FOR VETERANS AND SERVICE MEMBERS:

- ✓ Consider pursuing the goal of financial flexibility as soon as possible, ideally at the outset of one's military service.
- ✓ Consider saving beyond emergency savings to allow greater flexibility during transition.
- ✓ Weigh the return on investment (ROI) for educational choices. Use online tools and resources.
- ✓ Leverage educational opportunities while on active duty. Plan for a lengthier and perhaps more expensive transition from military service, considering the likelihood of being able to complete degree requirements or credit transfers (e.g., in the event of relocation) in order to maximize the GI Bill benefit.
- ✓ Understand the benefits available to you after transition, as well as the cost, time, and individual responsibilities required to properly access and receive them.
- ✓ Leverage free or low-cost training programs to receive industry-recognized certifications and familiarize yourself with resources. Familiarize yourself with Veteran Service Organizations (VSO) and Military Service Organizations (MSO) organizations that provide information, access to resources and free or low cost programming.
- ✓ For married service members, consider the implications of your spouse's employment status; consider leveraging educational benefits such as the Post-9/11 GI Bill, MyCAA, or scholarship or credentialing opportunities for spouses.
- ✓ Talk to other veterans about the financial barriers they encountered during transition and strategies they used to overcome.
- ✓ When considering employment options, think about long-term financial prospects versus short-term income gains.
- ✓ Prepare for a time period where income is reduced due to unemployment, underemployment, part-time employment or contract work.
- ✓ When making career choices, pursue opportunities that maximize lifetime earnings over near term earnings.
- ✓ Align educational opportunities, geographic location, and meaningful employment to maximize financial and workforce readiness at transition.



RECOMMENDATIONS FOR DOD, VA, AND NONPROFITS:

- ✓ Adopt a lifecycle model for the All-Volunteer force that begins preparing service members for future civilian employment when at enlistment or commissioning rather than at transition.
- ✓ Provide employment services (e.g., career counseling) for military spouses with particular emphasis on providing strategies and access to resources to mitigate the negative implications of frequent moves on career.
- ✓ Consider more expansive financial literacy training, which includes range of topics to account for the disparate needs of service members. Options can range from simple to more advanced to include:
 - basic skills such as balancing a check book, avoiding payday loans saving versus building wealth through investment
 - disparate needs of service members based on income, age, stage of life, and financial literacy
 - other key or atypical aspects related to military service (e.g., taxes, healthcare, etc.).
- ✓ Help service members align career choices with personal preferences; time and effort placed on the front end may enable veterans to make more discerning choices about education and employment, thus facilitating quicker alignment of their career preferences and employment opportunities along with improved financial outcomes.
- ✓ Provide targeted services to at-risk groups (junior enlisted and noncommissioned officers) to assist them in planning in advance of their transition, particularly those with low-incomes, burdened with debt, or who exhibit poor financial behaviors.
- ✓ Prepare for unexpected changes to military benefits prior to or after transition that may threaten financial flexibility for veterans and military families.
- ✓ Work with nonprofit partners to cover gaps in services, access to programs, or benefits or to minimize time lags which could have a financial ripple effect
- ✓ Consider the financial consequences of DoD mobility policies and frequency of active duty relocations on spouse employment, cost to families, and employment of service members professional network upon departure.
- ✓ Expand eligibility of government contracting preferences to spouses and cultivate contracting opportunities with corporate employers.

FINANCIAL READINESS RESOURCES

Transition resources to help service members and their families are evolving and improving, but have traditionally prioritized the employment aspect of transition, rather than the financial aspect, which is often overlooked or addressed secondary to employment. Economic mobility and opportunity to advance are often central reasons why service members say they joined the military, which is why it is important to optimize their success not only while they are serving, but also afterwards. Many contemporary service members have families that include working spouses. Economic opportunity for veterans also includes their spouses who seek employment and wish to utilize their skills in the workplace.

Financial Resources:

- ★ **The Asset Recovery Kit (ARK)** program has provided more than 15,000 interest-free loans totaling nearly \$7 million worth of emergency loans and financial counseling.
- ★ **The CFPB's Financial Coaching Initiative** provides guidance to recently transitioned veterans and vulnerable families in places where they're already going for help. Professionals provide one-on-one free coaching to help veterans develop a personalized plan for financial success. The initiative is part of a partnership between the CFPB, the Department of Labor (DOL) and more than two dozen nonprofit social services providers to place 60 certified coaches in DOL American Job Centers and community-centered nonprofits across the country.
- ★ **Family Inc.: Using Business Principles to Maximize Your Family's Wealth** *Family Inc.* can serve as a valuable tool for our service members in their journey toward financial independence.
- ★ **How to Help Military and Veteran Families** is part of a series of informational guides designed to equip communities to better serve service members, veterans and their families. The series offers effective, evidence-based guidance on how best to help military and veteran families given the unique challenges they face. The guide focused on financial professionals can be accessed at https://www.purdue.edu/hhs/extension/docs/HowToHelp_FinancialProfessional-print-INDIANA.pdf.

- ★ **Military Consumer** is an online toolkit created by The Federal Trade Commission (FTC) and offered by the DoD and other collaborators. The tool gives service members and their families the information to make sound financial decisions and is tied to various transitions common to the military lifecycle. The toolkit can be accessed at <https://www.military.consumer.gov/toolkit>.
- ★ **Military OneSource and the Military and Family Life Counselors** programs are available at no cost to service members and their families. Although they vary by service branch, personal financial management (PFM) programs include classes, seminars, one-on-one counseling and additional information to educate service members and their families about consumer rights and how to achieve financial stability.
- ★ **USAA Educational Foundation** Provides tools, tips and tactics to help military service members develop sound financial habits and take control of their personal finances.

Education:

- ★ **Student Veterans of America (SVA)** Provides military veterans with the resources, support, and advocacy needed to succeed in higher education and after graduation.
- ★ **The GI Bill Comparison Tool** is an online tool to help make the most of the GI Bill benefits and allows comparison between various options, including college classes and on-the-job training.

Benefits:

- ★ **eBenefits** is a joint VA/DoD web portal that provides resources and self-service capabilities to veterans, service members and their families to research, access and manage their VA and military benefits and personal information.
- ★ **The Department of Veterans Affairs (VA) Montgomery and Post-9/11 GI Bill** provide funds for educational costs (and some living expenses) for eligible veterans, spouses and family members.
- ★ **Frequently Asked Questions about the New Military Retirement System** are available on the Military OneSource website and outline upcoming changes to the military retirements system expected to begin in 2018.
- ★ **The Military Spouse Career Advancement Account (MyCAA) Scholarship** is a workforce development program that provides up to \$4,000 of tuition assistance to eligible military spouses. The scholarship helps military spouses pursue licenses, certificates, certifications or associate degrees necessary to gain employment in high demand and high-growth portable career fields and occupations. Spouses may use their MyCAA funds at any academic institution approved for participation in the MyCAA Scholarship.

Employment:

- ★ **DoD SkillBridge** allows service members meeting certain qualifications to participate in civilian job and employment training, including apprenticeships and internships. Training can take place starting up to six months prior to a service member's separation, and must offer a high probability of employment and be provided to the service member at little or no cost.
- ★ **Employer Support of the Guard and Reserve** is a DoD program that develops and promotes supportive work environments for service members in the reserve components through outreach, recognition and educational opportunities that increase awareness of applicable laws and resolves employment conflicts between the service members and their employers.
- ★ **The Gold Card Initiative** is a joint effort of the Department of Labor's Employment and Training Administration (ETA) and the Veterans' Employment and Training Service (VETS). The initiative provides unemployed Post-9/11 era veterans with intensive training needed to succeed in today's job market.
- ★ **Hiring our Heroes U.S. Chamber of Commerce Foundation** is a nationwide initiative to help veterans, transitioning service members, and military spouses find meaningful employment opportunities.
- ★ **Onward to Opportunity** provides in-demand, industry-specific training in information technology and customer excellence to transitioning service members, all Guard and Reserve, and active duty spouses who are navigating the transition to civilian employment. Offered on U.S. military installations across the country.

- ★ **Military Spouse Employment Partnership (MSEP)** part of the Department of Defense (DoD) is a targeted recruitment and employment solution whose goal is to create employment connections between employers who are actively recruiting and military spouses seeking employment.
- ★ **Small Business Administration (SBA)** offers a variety of resources to veterans interested in small business ownership and entrepreneurship, including information about financing for veteran-owned businesses, and loan and grant information, including states and organizations that provide loans to veterans, access to training, counseling and assistance, and business resources for people with disabilities and service-disabled veterans.
- ★ **Transition GPS** is the DoD's updated five-day workshop focused on the transition from military service to civilian life and includes information about job-seeking tools, military skills translation, educational opportunities, use of benefits such as the Post-9/11 GI Bill and information about entrepreneurship, credentialing opportunities and financial readiness.
- ★ **VA's Vocational Rehabilitation and Employment (VR&E)** services includes its Education and Career Counseling Program, which allows service members and veterans to get personalized counseling and support to help guide their career paths and encourage the most effective use of their VA benefits and assistance with job training, employment accommodations, resume development and job seeking skills coaching. Other services may be provided to assist veterans in starting their own businesses or independent living services for those who are severely disabled and unable to work in traditional employment.
- ★ **Veterans Career Transition Program (VCTP)** is a 12 month, advisor-led, online learning program, delivered to post 9/11 veterans and military spouses; includes 21 pathways leading to a Syracuse University Certificate of Completion. Students may choose to work toward an industry certification through globally recognized organizations. Certifications include project management (PMP), human resources (SPHR), and systems security (CISSP).
- ★ **Veteran Employment Centers (VEC)** provide critical paths to employment through workforce development programs and services connected at the state level through American Job Centers and online through vet.gov. VEC provides a one year job-seeker account to LinkedIn and access to 800 free Coursera online courses, as well as an online location for job seekers and employers to connect.