

CEO COMMENTARY:

Military spouses play key role in retirement planning

By Scott Spiker, Chairman/CEO of First Command Financial Services, Inc.



Financial readiness is a particularly important issue in the lives of military spouses. Their unique experience is often one of shouldering the primary responsibility for household budgeting and savings. And executing that responsibility will be particularly critical for service member families to make the most of the military's new Blended Retirement System (BRS).

More than three quarters of spouses in career military families say it is primarily their role to manage long-term investments and retirement savings accounts, according to survey results from the First Command Financial Behaviors Index®. BRS will necessarily transform the way these spouses think about and help their families plan for lifetime financial security.

The BRS features a 20 percent reduction in current guaranteed retirement pay generated by the old traditional pension in exchange for a variety of new benefits that include automatic and matching Thrift Savings Plan contributions, a mid-career continuation pay bonus and options to receive a portion of the reduced pension as a lump sum. Making up for the 20 percent cut in retirement pay will require service members to amass significant income-generating assets through disciplined savings behaviors and smart investment choices.

With BRS, the weight of increased financial decision making and its attendant risk will fall disproportionately on the shoulders of spouses. This is particularly true for the spouses of those service members who make the military their career.

For military spouses, BRS will add to an already heavy financial load. They must manage family finances during those times when the active-duty spouse is deployed for extended periods and face unique challenges in finding and maintaining meaningful employment because of frequent moves. They carry the burden of knowing that they will face these responsibilities alone in the event of a combat death. And at the end of active-duty service, military spouses play a critical role in navigating the financial complexities of the family's transition to civilian life.

Financial coaching can play a key role in helping military spouses and their families manage these critical issues. Our surveys consistently reveal that career military families who work with a financial advisor are more likely to save more and feel more confident about their finances than

their colleagues who do not work with an advisor. Working with a knowledgeable professional is an ideal way for military families – and the spouses who manage their household finances – to make the most of their pay and benefits in their continuing pursuit of financial security.



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