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First Command Reports: Retirement confidence hits record high in career military

The First Command Financial Behaviors Index® indicates 71 percent of career military families are extremely or very confident in their ability to retire comfortably

FORT WORTH, Texas – Feelings of retirement confidence in career military families have climbed to a record high, reflecting a surge in financial optimism at a time when service members are learning about new government benefits available next year under the Blended Retirement System.

The First Command Financial Behaviors Index® reveals that 71 percent of middle-class military families (commissioned officers and senior NCOs in pay grades E-5 and above with household incomes of at least \$50,000) are extremely or very confident in their ability to retire comfortably. That's the highest level of confidence recorded since the Index was launched in 2008. In contrast, just 42 percent of the general population is feeling the same way.

This boost in retirement confidence among service member families aligns with an increasing interest in government retirement benefits. Current service members with less than 12 years of service as of Dec. 31, 2017, will have the opportunity next year to trade their existing retirement benefit for the Blended Retirement System. This new program features a 20 percent reduction in current guaranteed retirement pay generated by the old traditional pension in exchange for a variety of benefits that include automatic and matching Thrift Savings Plan contributions, a mid-career continuation pay retirement incentive and options to receive a portion of the reduced pension as a lump sum.

Seventy-three percent of survey respondents indicate they are eligible to opt-in to the new system. And out of this group, 73 percent report that they've already taken the Defense Department's mandatory opt-in training course. The election period to opt-in to the new system takes place in 2018.

“Among our Nation's career military families, a growing awareness of one of the most significant changes to military pay and benefits in 70 years is driving a recognition that they have new options and that in turn appears to be fueling increased optimism about their ability to retire comfortably,” said Scott Spiker, chairman/CEO of First Command Financial Services, Inc. “This is a particularly noteworthy development as it comes at a time when many career service members continue to worry about the impact of defense-related sequestration on their family finances. The recognition that they have choices and some level of control over their retirement security stands in contrast to their feelings about sequestration, which leaves many with feelings of anxiety over their financial futures.”

Interest in the Blended Retirement System has been rising among career service members, with two out of five families now expressing a desire to opt in to the new plan. May survey results reveal that 42 percent of respondents want to opt in to the new system. That's up from 25 percent a year ago and a record low of 8 percent in August.

Notably, career military families appear poised to make the most of their new opportunity. Among survey respondents who say they are eligible for the Blended Retirement System, 59 percent say they are extremely or very likely to consult a financial advisor for help making the opt-in decision.

“The required online training course continually reminds service members to seek help from financial professionals in making the Blended Retirement System opt-in decision, and many service members appear ready to take this recommendation to heart,”

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Spiker said. “We see that as a promising development because one online education course is not enough to adequately inform a financial decision that will last a lifetime. Career military families benefit most from programs that go beyond sharing knowledge to shape savings and investment behaviors. We support [on-installation access](#) to a broad range of financial providers who can provide the type of financial coaching that is already helping many career military families in their long-term pursuit of financial security.”

About the First Command Financial Behaviors Index®

Compiled by Sentient Decision Science, Inc., the First Command Financial Behaviors Index® assesses trends among the American public’s financial behaviors, attitudes and intentions through a monthly survey of approximately 530 U.S. consumers aged 25 to 70 with annual household incomes of at least \$50,000. Results are reported quarterly. The margin of error is +/- 4.3 percent with a 95 percent level of confidence. <http://www.firstcommand.com/fbi/>

About Sentient Decision Science, Inc.

Sentient Decision Science was commissioned by First Command to compile the Financial Behaviors Index®. SDS is a behavioral science and consumer psychology consulting firm with special vertical expertise within the financial services industry. SDS specializes in advanced research methods and statistical analysis of behavioral and attitudinal data.

About First Command

First Command Financial Services and its subsidiaries, including First Command Financial Planning and First Command Bank, coach our Nation’s military families in their pursuit of financial security. Since 1958, First Command Financial Advisors have been shaping positive financial behaviors through face-to-face coaching with hundreds of thousands of client families.

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