

## Finding 6 Finances

**Active-duty family respondents of color perceive their financial circumstances to be better than those of their civilian family and friends of similar racial/ethnic backgrounds, but many report low confidence in wealth-building and investment strategies.**

**The military** has often been regarded as an example of an institution that embraces diversity and provides equality to its members,<sup>1</sup> potentially offering economic advantage to service members during and after their military service.<sup>2</sup> Pay and promotion structures are prescribed, and while there may be disparities in promotion (see Finding 2), military service members of the same rank receive equal base pay, regardless of race or ethnicity. However, recent data, including this report, paints a more complicated picture. While military service reduces the wealth gap that exists between families of color and their white, non-Hispanic peers in U.S. society, at least in homeownership and income,<sup>3</sup> it does not eliminate the gap entirely; military families of color continue to face greater financial challenges than their white, non-Hispanic active-duty peers.



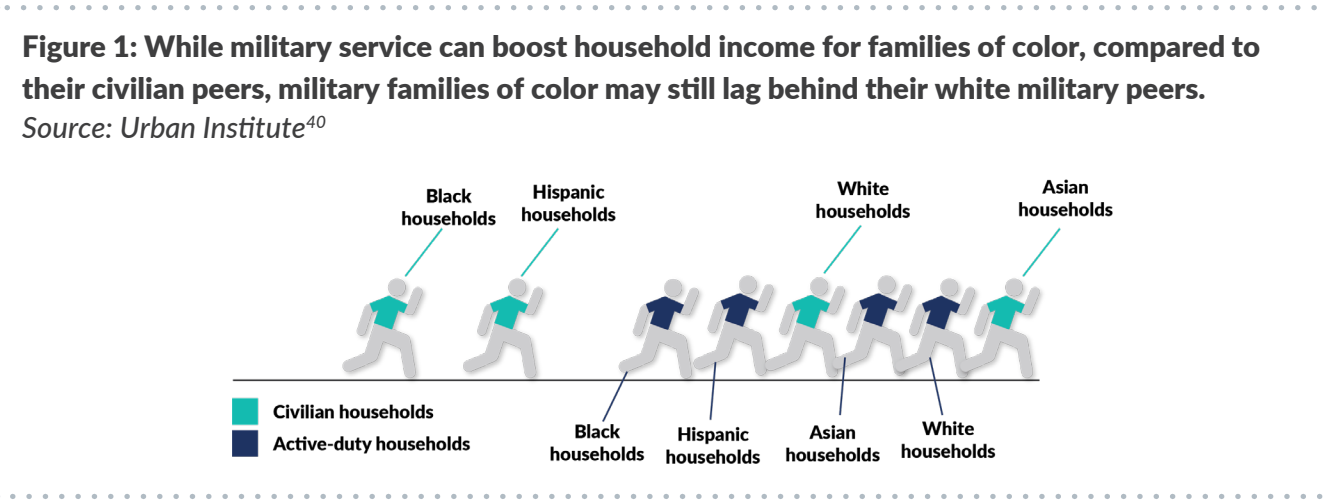
**We're very very well-off financially, compared to my siblings, I will say that.**

- Hispanic/Latino/a/x Military Spouse

\*Unless otherwise noted, respondents indicated having at least one racial/ethnic identity other than white.  
The appearance of U.S. Department of Defense (DoD) visual information does not imply or constitute DoD endorsement.

## Active-duty military service provides greater financial benefits to military families of color, compared to their civilian counterparts.

Research shows that while white, non-Hispanic active-duty households have statistically similar incomes to white, non-Hispanic civilians, Asian, Hispanic, and Black active-duty households boast significantly higher incomes than non-military peers.<sup>4</sup> For Black households, military service offers a 40% boost in household income, compared to Black civilian households.<sup>5</sup> Findings from this survey are consistent with existing literature: half of active-duty respondents\* characterize their family’s overall financial situation growing up as challenging (“occasionally had difficulty making ends meet” - 25%, “tough to make ends meet” - 19%, and “unable to make ends meet” - 6%).<sup>6</sup> However, when describing their financial stability today, most (51%)<sup>7</sup> report that, in general, their family’s financial stability is “somewhat better” or “much better” than their friends and family of the same racial/ethnic background who are not serving in the military, and an additional 35% report it is “the same.”<sup>8</sup> The perspective that their family is “somewhat better” or “much better” off than their peers is slightly more common among Black (54%)<sup>9</sup> and Hispanic/Latino/a/x (54%)<sup>10</sup> active-duty family respondents.



Among active-duty family respondents\* who indicated their family’s financial situation growing up was “tough to make ends meet” or “unable to make ends meet,” 52%<sup>11</sup> report their family’s financial stability was better than their friends and family of similar racial/ethnic backgrounds. Families from a socioeconomically disadvantaged background are not the only respondents to recognize the financial benefits of service. Active-duty family respondents\* and focus group participants consistently recognize their financial situation as one of the primary differentiators between their family’s well-being and that of their civilian friends and family from a similar racial/ethnic background. For example, a greater proportion of respondents\* indicate their family’s “financial stability”<sup>12</sup> is better than peers of the same racial/ethnic background than any other area, including “employment situation”<sup>13</sup> and “family’s ability to access resources or services when needed”<sup>14</sup>.

\*Unless otherwise noted, respondents indicated having at least one racial/ethnic identity other than white.

## These financial benefits of military service may have buffered some impacts of the COVID-19 pandemic.

Similar percentages of respondents\* report doing the same or better than their non-military peers both in general and specifically since the COVID-19 pandemic. Since the COVID-19 pandemic, nearly half of active-duty family respondents of color (49%)<sup>15</sup> report their family's financial stability is "somewhat" or "much" better than their friends and family from a similar racial/ethnic background; only 19%<sup>16</sup> feel it is "worse" or "much worse" than their peers. Active-duty family respondents\* also generally report they are doing the same or better than their peers of a similar background in other areas — employment situation<sup>17</sup> and ability to access resources or services when needed<sup>18</sup> — even during the COVID-19 pandemic.

**Nearly half (49%)<sup>15</sup>**

**of active-duty respondents\* report their family's financial stability is "somewhat" or "much" better than their friends and family from a similar racial/ethnic background since the COVID-19 pandemic**



## Despite the economic benefits that military service provides active-duty families of color, disparities and inequities still exist.

Consistent with findings from this survey, data from several sources<sup>19</sup> suggest there are observable differences in financial conditions and financial challenges among military families of color and their white, non-Hispanic peers. The spotlight in this finding explores differential effects by race with regard to food security, and Findings 5, 7, and 8 explore the variation by race with regard to employment and resource access/utilization; all of these challenges directly impact military and Veteran families' financial readiness.

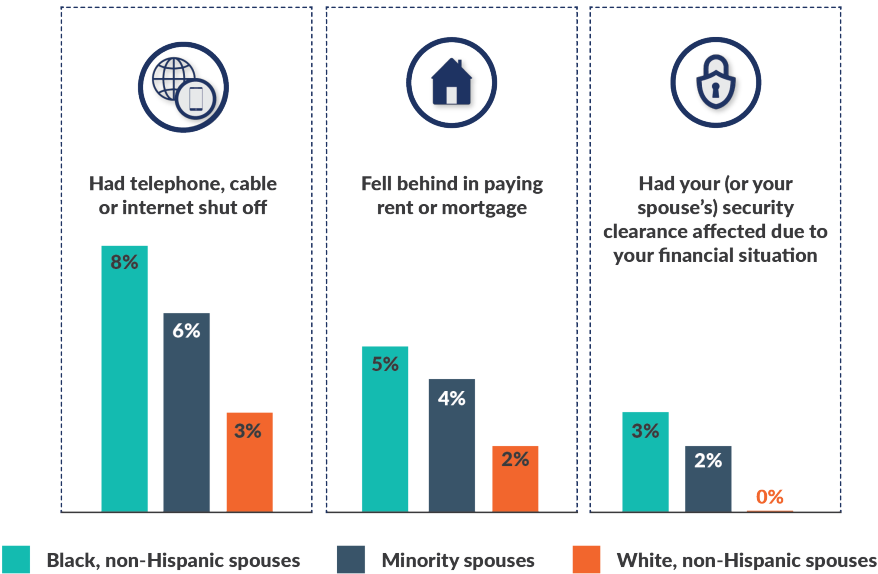


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According to the 2017 Active Duty Spouse Survey, 31% of white, non-Hispanic spouses reported their financial condition is “very comfortable and secure,” compared to just 24% of their racial/ethnic minority peers, and just 19% of Black, non-Hispanic peers.<sup>20</sup> Furthermore, more racial/ethnic minority spouses are operating without a financial safety net, compared to their white, non-Hispanic peers: nearly twice as many racial/ethnic minority spouses have no emergency savings (19%), compared to their white, non-Hispanic peers (11%)<sup>21</sup> and for Black, non-Hispanic spouses, the discrepancy is even greater (23% have no emergency savings).<sup>22</sup> According to this same report, a greater proportion of racial/ethnic minority spouses (22%), especially Black, non-Hispanic spouses (31%), had experienced a negative financial event in the past 12 months, compared to their white, non-Hispanic peers (13%).<sup>23</sup> Furthermore, the proportion of Black, non-Hispanic spouses who indicated they had experienced a negative financial event was 2 to 3 times the proportion of white, non-Hispanic spouses indicating the same for the majority of the negative financial events inquired about in the 2017 Active Duty Spouse Survey<sup>24</sup> (Figure 2).

**Figure 2: Negative Financial Events in Past 12 Months (2017)**  
% of Active-Duty Spouse Respondents Reporting Negative Financial Events in the Past 12 Months  
Source: 2017 Active Duty Spouse Survey<sup>41</sup>



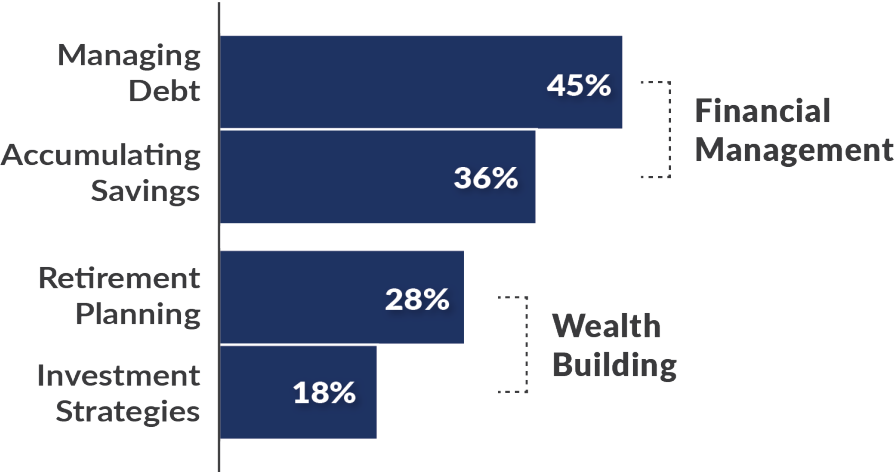
Note: Uses racial/ethnic demographic descriptions from source

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Active-duty family respondents of color report low confidence in long-term wealth-building strategies, with Black respondents reporting the least confidence in each area.

Active-duty family respondents\* indicate high confidence in several areas of financial resilience, including managing debt (45%)<sup>25</sup> and accumulating savings (36%),<sup>26</sup> but just 18%<sup>27</sup> feel “very” or “completely confident” in investment strategies, and 56%<sup>28</sup> report low confidence (Figure 2). Hispanic/Latino/a/x active-duty family respondents report higher confidence than their Black and Asian peers in each area of financial confidence.<sup>29</sup> Perhaps reflective of the sense of confidence in management, if not in wealth-building, just 16%<sup>30</sup> of active-duty family respondents\* report wanting a mentor for financial management, the least commonly-selected area of desired mentorship.

**Figure 3: Level of Confidence in Financial Management and Wealth-Building**  
% of active-duty family respondents\* reporting very or completely confident<sup>42</sup>



Ineligibility due to rank or income and a desire to avoid future debt are the top barriers to seeking financial assistance.

Among those who identified at least one barrier to pursuing financial assistance,<sup>31</sup> the most common barriers are: ineligibility due to rank or income (41%),<sup>32</sup> a desire to avoid future debt (37%),<sup>33</sup> a belief that others have a greater need (31%),<sup>34</sup> a desire to avoid chain of command involvement (29%),<sup>35</sup> a lack of knowledge of available resources (27%),<sup>36</sup> and pride, shame or embarrassment (27%).<sup>37</sup> While 69%<sup>38</sup> of military family respondents of color report at least one barrier to pursuing financial assistance, 76%<sup>39</sup> of Asian respondents identified one or multiple barriers, indicating that this group may be more reluctant to utilize financial assistance.

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## SPOTLIGHT ON:

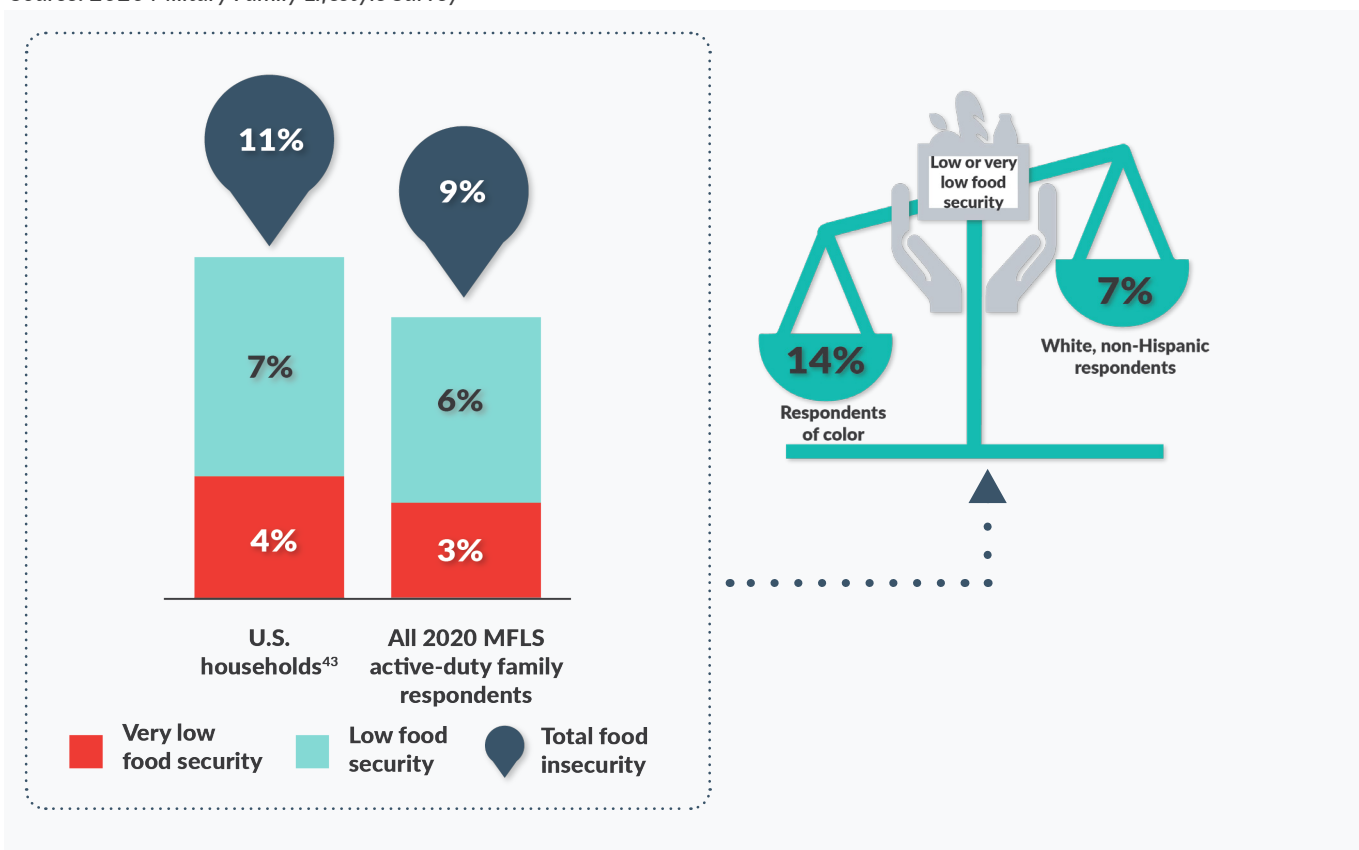
# FOOD INSECURITY

Active-duty family respondents of color to the 2020 Military Family Lifestyle Survey reported twice the level of food insecurity as their white, non-Hispanic counterparts.

### Low and Very Low Food Security

% of active-duty family respondents

Source: 2020 Military Family Lifestyle Survey



There were so many families of color on base [...] getting WIC or public assistance. I was blown away, blown away. People assume, 'you're in the military, you get a check [on] the 1st and the 15th, you must be doing okay.' [...] No. No.

- Black Military Spouse

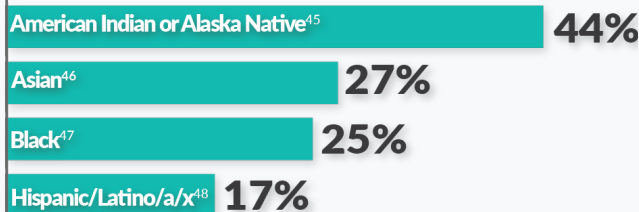
\*Unless otherwise noted, respondents indicated having at least one racial/ethnic identity other than white.

Active-duty and Veteran respondents\* report similar levels of need for food and nutrition programs, but a greater proportion of Veterans report their needs are unmet.

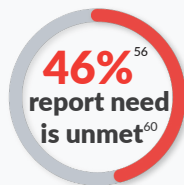


## Food and Nutrition Assistance (e.g., food stamps)

Active-duty family respondents\*



Of those with need,



Veteran family respondents\*

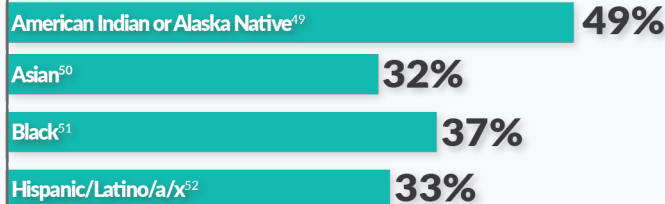


Of those with need,



## Food and Nutrition Assistance from School (e.g., school lunch programs)

Active-duty family respondents\*



Of those with need,



Veteran family respondents\*



Of those with need,



Top reason for not accessing food and nutrition programs:  
“I didn’t think I was eligible for this service”

\*Unless otherwise noted, respondents indicated having at least one racial/ethnic identity other than white.



## Finding 6 Endnotes

<sup>1</sup> Burk, 2007; Moskos and Butler, 1996.

<sup>2</sup> Kerrison, 2009. Note: Most existing research on the financial benefits of military service, particularly for military families of color, pre-dates the 2008 recession and offers conflicting narratives, with some studies finding positive financial outcomes associated with military service, and others finding this not to be the case, particularly for veterans transitioning back into civilian life.

<sup>3</sup> Strochak, Hyun, and Goodman, 2020.

<sup>4</sup> “While statistically similar, average household income of white, non-Hispanic active-duty households is slightly greater than that of their non-military counterparts” (Strochak, Hyun, and Goodman, 2020).

<sup>5</sup> *ibid*

<sup>6</sup> n=597. Respondents who indicated “I don’t know” were excluded from this analysis.

<sup>7</sup> n=600. Respondents who indicated “I don’t know” were excluded from this analysis.

<sup>8</sup> n=600. Respondents who indicated “I don’t know” were excluded from this analysis.

<sup>9</sup> n=273. Respondents who indicated “I don’t know” were excluded from this analysis.

<sup>10</sup> n=185. Respondents who indicated “I don’t know” were excluded from this analysis.

<sup>11</sup> n=146. Respondents who indicated “I don’t know” were excluded from this analysis.

<sup>12</sup> n=600. Respondents who indicated “I don’t know” were excluded from this analysis.

<sup>13</sup> n=569. Respondents who indicated “I don’t know” were excluded from this analysis.

<sup>14</sup> n=579. Respondents who indicated “I don’t know” were excluded from this analysis.

<sup>15</sup> n=610. Respondents who indicated “I don’t know” were excluded from this analysis.

<sup>16</sup> n=610. Respondents who indicated “I don’t know” were excluded from this analysis.

<sup>17</sup> n=578. Respondents who indicated “I don’t know” were excluded from this analysis.

<sup>18</sup> n=576. Respondents who indicated “I don’t know” were excluded from this analysis.

<sup>19</sup> Blue Star Families, n.d. (unpublished data). 2020 Military Family Lifestyle Survey; Office of People Analytics, 2018, May.

<sup>20</sup> Office of People Analytics, 2018, May.

<sup>21</sup> *ibid*

<sup>22</sup> *ibid*

<sup>23</sup> *ibid*

<sup>24</sup> *ibid*

<sup>25</sup> n=585. Respondents who indicated “Do not need” were excluded from this analysis.

<sup>26</sup> n=593. Respondents who indicated “Do not need” were excluded from this analysis.

<sup>27</sup> n=599. Respondents who indicated “Do not need” were excluded from this analysis.

<sup>28</sup> n=599. Respondents who indicated “Do not need” were excluded from this analysis.

<sup>29</sup> Investment: (Black, 17%, n=275), (Asian, 14%, n=112), (Hispanic, 20%, n=185); Savings: (Black, 34%, n=270), (Asian, 31%, n=110), (Hispanic, 42%, n=183); Retirement: (Black, 26%, n=272), (Asian, 30%, n=110), (Hispanic, 30%, n=186); Debt: (Black, 44%, n=270), (Asian, 41%, n=105), (Hispanic, 50%, n=183). Respondents who indicated “Do not need” were excluded from this analysis.

<sup>30</sup> n=719

<sup>31</sup> n=417

<sup>32</sup> n=170

<sup>33</sup> n=153

<sup>34</sup> n=128

<sup>35</sup> n=123

<sup>36</sup> n=113

<sup>37</sup> n=112

<sup>38</sup> n=606

<sup>39</sup> n=116

<sup>40</sup> Strochak, Hyun, and Goodman, L., 2020.

<sup>41</sup> n=296



<sup>41</sup> Office of People Analytics, 2018, May:

	White, non-Hispanic Spouses	Minority Spouses	Black non-Hispanic Spouses
Bounced 2 or more checks	3%	4%	4%
Failed to make minimum payment on a credit card or other account	6%	11%	17%
Fell behind in paying rent or mortgage	2%	4%	5%
Was pressured to pay bills by stores, creditors, or bill collectors	7%	12%	16%
Had telephone, cable or internet shut off	3%	6%	8%
Had water, heat, or electricity shut off	1%	2%	2%
Had a household appliance or furniture repossessed	0%	1%	1%
Failed to make a car payment	3%	6%	9%
Had a car repossessed	0%	1%	1%
Filed for personal bankruptcy	0%	1%	2%
Had to pay overdraft fees to your bank or credit union 2 or more times	9%	14%	18%
Borrowed money from family and/or friends to pay bills	10%	14%	15%
Took money out of a retirement fund or investment to pay living expenses	8%	10%	12%
Had personal relationship problems with a partner due to finances	18%	21%	25%
Had your (or your spouse's) security clearance affected due to your financial condition	0%	2%	3%
Used a local food pantry	2%	4%	3%

<sup>42</sup> Debt n=585, savings n=593, retirement n=595, investment n=599

<sup>43</sup> USDA Economic Research Service, 2021.

<sup>44</sup> n=652. Question: Have you or your family used services or programs of the following types since January 2020? Respondents indicate needing the service ("No, I/we needed it but didn't get it" OR "Yes").

<sup>45</sup> n=71

<sup>46</sup> n=124

<sup>47</sup> n=299

<sup>48</sup> n=203

<sup>49</sup> n=647

<sup>50</sup> n=72

<sup>51</sup> n=124

<sup>52</sup> n=293

<sup>53</sup> n=200

<sup>54</sup> n=388

<sup>55</sup> n=379

<sup>56</sup> n=174

<sup>57</sup> n=239

<sup>58</sup> n=116

<sup>59</sup> n=132

<sup>60</sup> Among respondents who indicate they needed a resource, the percentage who report "I/we needed it but didn't get it."

## Finding 6 References

*Unless otherwise noted, images are sourced from Blue Star Families Stock Photos, DVIDSHub.net, Unsplash.com. The appearance of U.S. Department of Defense (DoD) visual information does not imply or constitute DoD endorsement.*

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