

INTRODUCTION



Welcome

Welcome to the third edition of the U.S. Navy's Personal Financial Management Standardized Curriculum (PFMSC). The PFMSC consists of 14 modules designed to provide financial education to active duty Navy personnel and their families on a wide range of financial topics. As a PFMSC instructor you will infuse this curriculum with enthusiasm, real life examples and statistics, and your own experience and knowledge. The primary purpose of the PFMSC is to assist our Navy personnel in building wealth and achieving their financial goals.

Background

Why is the United States Navy interested in Personal Financial Management Education? In order to support mission readiness, OPNAV 1740.5a mandates the Personal Financial Management (PFM) Education, Training and Counseling Program. Commanding Officers are charged with ensuring that sailors and families be encouraged to practice thrift through sound money management techniques. In a cost conscious Navy the PFM program makes good business sense for the bottom line. The Navy's Personal Financial Management Education Program is designed to prevent potential personal problems that can cost valuable time and money that may detract from mission readiness.

OPNAVINST 1740.5a

The U.S. Navy mandated financial education, training and counseling in November of 1990 with the issuance of OPNAVINST 1740.5. Prior to this Instruction there was no Navy-wide, coordinated approach to financial education. Now in its second revision, OPNAVINST 1740.5a, dated 30 January 2002, continues to

mandate the Navy's PFM program. OPNAVINST 1740.5a outlines the requirements for the Command Financial Specialist (CFS) program and includes a list of standard PFM core requirements. As the CFS program has been instituted at Commands around the world and delivered programs to respond to deckplate financial issues, the need for standard training courses on the core financial topics arose. Concurrently, Financial Education Specialists at Fleet and Family Support Centers began to feel the need for standardized training materials as the program grew in scope and acceptance.

Current Studies

There have been several formal studies and reports over the past several years that have indicated the criticality of a coordinated, standardized Personal Financial Management curriculum. These studies show the impact that effective financial education has on both the Department of the Navy and the Department of Defense.

The Office of Family Policy of the Department of Defense, in their **1998-2004 Strategic Plan**, determined that the economic well-being of Service Members and Service Families must be one of its primary task areas. "With approximately 235,000 separations and over 750,000 moves every year, the economic stability of military families is challenged frequently. By providing state-of-the-art tools, information, and assistance, OFP hopes to ensure military members and their families are better able to manage their financial responsibilities, maintain financial stability, and reduce the impact of economic issues on their overall quality of life."

In 1997, the Military Family Institute of Marywood University published startling statistics that again demonstrated how assisting the military members with their financial management must be a priority. Among its many findings, the study, "**Scope and Impact of Personal Financial Management Difficulties of Service Members on the Department of the Navy**," estimated that service members facing financial difficulty result in the loss of \$172 million annually to the Navy. The report recommended

that, “The personal financial management curriculum should be strengthened both in scope and depth to enable Financial Educators and Command Financial Specialists to consistently offer the same core material at all commands. Since each base determines the topics and content of its own guides, there are substantial differences in personal financial management programs. Financial Educators should be designated as the subject matter experts in an effort to combine various iterations of these guides into one set of documents. . . . It is imperative that the personal financial management curricula be updated regularly due to constant changes in the marketplace.”

Also in 1997 the office of Family Policy sponsored a study by the RAND corporation entitled, “**Financial Management Problems Among Enlisted Personnel**,” This study concluded that 31% of enlisted personnel have problems paying bills, compared to 13% for comparable civilians. Further, the research demonstrated that there is a relatively significant financial management problem among young enlisted personnel caused by irresponsibility and financial naiveté. However, the study also concluded that, “. . . bases are already implementing a wide range of creative approaches to help service members with financial management classes. Unfortunately, systematic evaluations of the effectiveness of such classes are not occurring. A careful benchmarking of the effectiveness of different programs may assist OSD to identify particularly effective approaches to preventing and managing financial problems.”

The **Congressional Commission on Servicemembers and Veterans Transition Assistance** issued a final report on January 14, 1999, regarding the adequacy and effectiveness of servicemembers’ and veterans’ transition assistance programs. They found that, “A substantial number of servicemembers have significant financial problems that distract them from their military duties, impose costs on the Services, and reduce the likelihood of a successful transition to civilian life. The Services now wait until after financial problems have become serious before requiring personal financial counseling. The Commission believes that financial management classes, as a preventive measure, would cost the Services far less than the time and resources they now spend resolving financial problems after they arise.”

In 2000 the Navy Fleet and Family Support Centers contracted with Caliber Associates to conduct a **survey of Navy Leadership**. 1700 commands were surveyed with 10,912 surveys returned. The findings of the study showed that Personal Financial Management issues are the number one member issue that leaders deal with most often. It also found that PFM was in the top five issues that chaplains have to deal with (it came in 4th on that list.) Leadership also indicated that personal financial problems ranked 4th of the top 10 issues they need the most help in solving, and in fact 62% of the leaders responding to the survey indicated that they have referred a member to the FFSC in the past 6 months for help with personal financial management.

PFM Desk Guide

In 1997 the PFM Program Manager issued the first PFM Desk Guide (update in 2002), which included a standardized curriculum in the appendix. Consisting of 13 modules, it provided an excellent foundation for the PFMSC.

The PFM Standardized Curriculum

In September of 1998 the PFM Program Manager convened a curriculum standardization conference in Millington, Tennessee to review the OPNAV Instruction and existing PFM Desk Guide curriculum. The purpose of the standardization conference was to reach consensus on an appropriate training continuum based on the life cycle and career cycle of the sailor, and to write the first draft of the modules for this complete edition of the PFM Standardized Curriculum. Twenty of the PFM Program's most experienced financial educators, representing small, medium and large bases around the world, were tasked with constructing a curriculum that would meet the high standards of the Navy's PFM program. Further, they worked to address the needs noted through the many formal studies and reports and through their own experience in the field. In September of 1999 a contract was awarded to coordinate the PFMSC, provide graphics and generate multimedia materials.

The information provided in the first edition of the PFMSC was a reflection of dedicated Fleet and Family Support Center Financial Education staff and Command Financial Specialists worldwide.

Updating the Curriculum

Materials in the PFM Standardized Curriculum are subject to change. Some modules, such as Military Pay and Allowances and the Thrift Savings Plan section of The Basics of Retirement Planning discuss items that change annually in January. Information contained in other modules may change during the lifecycle of the materials based on legislative action or Department of Defense policy changes. On occasion, legislation may be in process at the time of publication of the curriculum but not yet be signed into law. When possible, this information has been noted in the Instructor Notes within the materials. In addition, the following icon has been utilized to remind the Instructor of materials that change on an annual basis and may need to be updated before module presentation.



Meeting the Need

This revised edition of the Personal Financial Management Standardized Curriculum redesigns and updates the instructional materials. The use of the curriculum by FFSC Financial Educators and Command Financial Specialists will ensure critical PFM needs continue to be met, namely:

- The need for a training continuum based on the life cycle/career cycle of the sailor and his or her family, to ensure each sailor receives “just-in-time” training.
- The need for a coordinated curriculum based on sound financial principles with enough information for Financial Educators and Command Financial Specialists who are new to the program, and enough flexibility for those who are experienced.

NOTE:

The following sources, referenced in the “Background” section above, are on file in the PFM Program Managers office. Copies are available upon request. It is recommended that all educators using this Curriculum be familiar with the contents of the referenced materials.

- The need to know exactly what PFM training sailors had previously received so as not to duplicate their prior training, as well as to be able to build on past training.
- The need for a curriculum that would complement the existing CFS curriculum.
- The need for a curriculum that could be easily maintained and distributed by the PFM program manager.

References

1. Department of Defense, Office of Family Policy, “Strategic Plan (1998-2004): Charting a Course for Change.”
2. Luther, Raminder K. et al., “Scope and Impact of Personal Financial Management Difficulties of Service Members on the Department of the Navy,” Military Family Institute of Marywood University, August 1997.
3. RAND, “Financial Management Problems Among Enlisted Personnel,” December 1997.
4. “Final Report of the Congressional Commission on Servicemembers and Veterans Transition Assistance,” January 14, 1999.
5. “US Navy Family Service Center Leadership Survey 2000,” Caliber Associates.