



The Relationship between Military Service and Financial Responsibility for Males with High and Low Levels of Financial Socialization



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Introduction

- Financial socialization, or the financial education a child receives during developmental years, is a significant indicator for higher levels of healthy financial management behaviors in adulthood (Gudmunson & Danes 2011, Lebaron et al. 2020).
- Unhealthy financial behaviors and military service propensity are negatively correlated with higher socioeconomic status (SES) levels (Shim et al. 2009, Kleykamp 2006).
- U.S. Military institutions are required to provide personal finance programs to servicemembers to increase long-term financial well-being (Luther et. al 1997).

Research Questions

- Is the institutionalized financial education required with military service significantly correlated with responsible monetary habits?
- Does this financial education negate some of the adverse effects associated with low levels of financial socialization?

Methods

Sample

- Respondents (n=2261) were drawn from the Consumer Finance Protection Bureau (CFPB) financial well-being dataset, a nationally representative sample of non-institutionalized adults in the U.S.
- Only included male respondents under 62 y/o.

Measures

- Financial Socialization was measured by aggregating responses to questions about having an allowance, credit rating education, participation in family financial matters, taught the importance of saving, and provided with a savings account.
- Financial Responsibility was tested with 5 separate dependent variables, such as current possession of a bank account, a 401k plan, non-retirement investments, life insurance, or health insurance.
- Military service was a binary measure capturing any past or present service.

Results

Bivariate

- Simple logistic regressions showed that military service was **not** a significant determinant of health insurance, non-retirement investments, or bank account
- Respondents with military service were more likely to have life insurance (OR 1.865, $p < .001$) or a 401k (OR 1.689, $p < .001$)

Multivariate

- Multi-variable logistic regression analyses showed that in the presence of financial socialization and other controls*, military servicemembers were still significantly more likely to have life insurance (OR 2.457 $p < .001$) or a 401k plan (OR 2.043, $p = .005$)
- For the life insurance logistic regression, the significant interaction term between military service and financial socialization (OR 0.835, $p = .036$) indicates that the positive effects of financial socialization lessens in the presence of military service.

Predicted Probability of Retirement Savings (401k) by Financial Socialization and Military

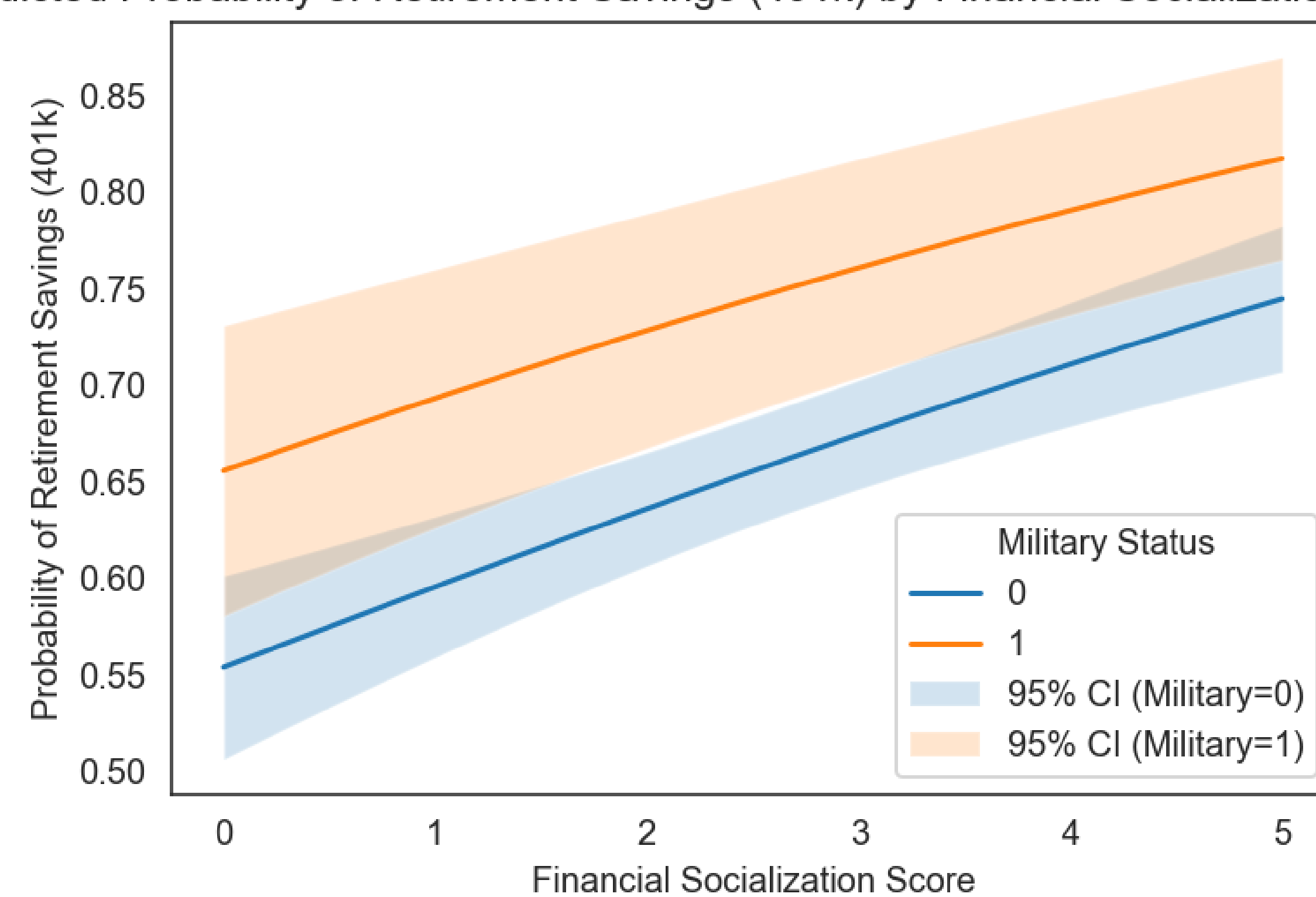


Figure 1: The Probability of a 401k Account across Financial Socialization Scores by Military Status

Predicted Probability of Life Insurance by Financial Socialization and Military

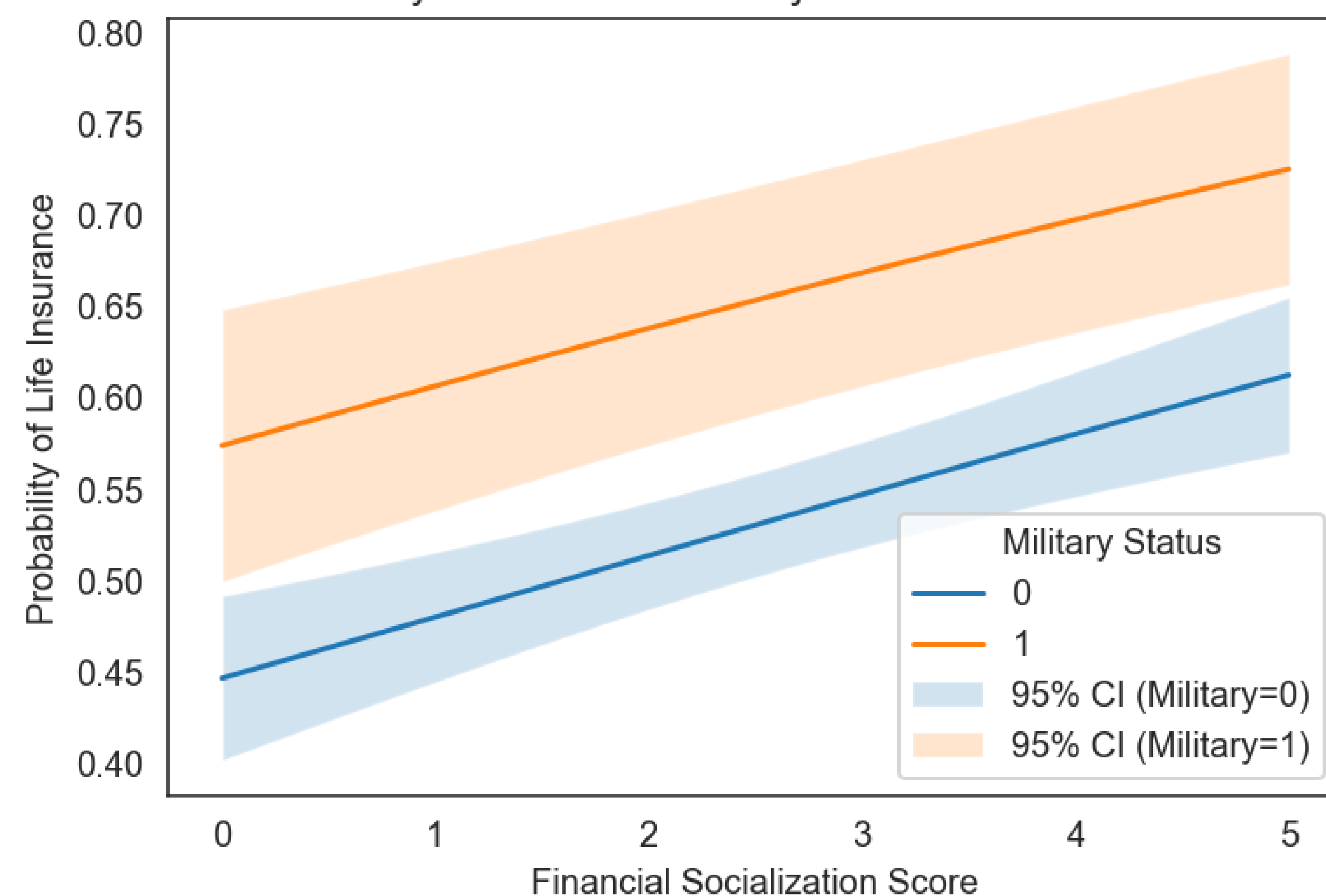


Figure 2: The Probability of Life Insurance across Financial Socialization Scores by Military Status

Discussion

- Military service is effective at increasing certain indicators of financial responsibility.
- Military service negates some negative effects of low financial socialization only for life insurance probability
- Future research is needed to determine the specific effects of military education rather than military service.
- Potential additional quantitative research: the *adverse* financial effects of military service, such as presence of payday loans (Bell et. al, 2014)

References

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