Department of Defense
INSTRUCTION

NUMBER 1342.17
November 12, 2004

PDUSD(P&R)

SUBJECT: Personal Financial Management for Service Members

References: (a) DoD Directive 1342.17, "Family Policy," December 30, 1988
(b) DoD Directive 1344.7, "Personal Commercial Solicitation on DoD Installations," February 13, 1986
(c) DoD Directive 1344.9, "Indebtedness of Military Personnel," October 27, 1994
(d) DoD Instruction 1342.22, "Family Centers," December 30, 1992
(e) through (g), see enclosure 1

1. PURPOSE

This Instruction:

1.1. Implements policy, assigns responsibility, and prescribes procedures under references (a), (b), (c), and (d) for the education and training of military members in personal financial management.

1.2. Establishes a uniform approach to the education and training of Service members on personal financial management.

2. APPLICABILITY

This Instruction applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Defense Agencies, the DoD Field Activities and all other organizational entities in the Department of Defense (referred to collectively as "DoD Components"). The term "Military Services" refers to the Army, the Navy, the Air Force, the Marine Corps, and the Coast Guard (when operating as a Service within the Department of the Navy) including their Reserve components.

3. DEFINITIONS

Terms used in this Instruction are defined in enclosure 2.

4. POLICY

It is DoD policy that:

4.1. Service members are responsible for their personal finances. They are expected to pay their financial obligations in a proper and timely manner pursuant to reference (c).

4.2. Service members and their families shall have access to:

4.2.1. Personal financial management programs to maintain personal readiness, to support their personal financial needs throughout their military career, and to promote their retention in the military.

4.2.2. Financial planning and counseling services to correct deficiencies that may impede personal readiness if not addressed.

4.3. To mitigate adverse impact on mission readiness, the Military Departments shall target their most aggressive education and training efforts toward junior enlisted members and families, the highest risk group for financial difficulties.

5. RESPONSIBILITIES

5.1. The Principal Deputy Under Secretary of Defense (Personnel and Readiness), under the Under Secretary of Defense (Personnel and Readiness), or designee, shall:

5.1.1. Establish standards for the Military Services that support member financial readiness.

5.1.2. Ensure that DoD surveys include questions that assess the personal readiness of Service members.

5.1.3. Coordinate the survey results and Military Department data with the Joint Staff.

5.2. The Under Secretary of Defense (Comptroller) is responsible for the policy governing financial education requirements for on-installation banks and credit unions in the DoD 7000.14-R, Volume 5, Chapter 34 (reference (e)).

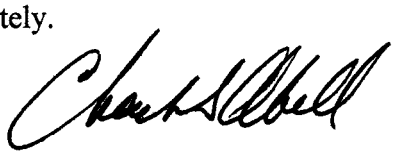
5.3. The Secretaries of the Military Departments and the Heads of the DoD Components shall ensure compliance with this Instruction, by establishing procedures and allocating resources to foster Service member (and spouse) competence in personal finance to support their personal readiness; and monitor to ensure on-installation banks and credit unions comply with the financial education requirements outlined in reference (e), paragraphs 340307(h) and 340408.

6. PROCEDURES

Procedures applicable to this Instruction are provided in enclosure 3.

7. EFFECTIVE DATE

This Instruction is effective immediately.



Charles S. Abell
Principal Deputy Under Secretary of Defense
for Personnel and Readiness

Enclosures - 3
E1. References, continued
E2. Definitions
E3. Procedures for Personal Financial Management for Service Members

E1. ENCLOSURE 1

REFERENCES, continued

(e) DoD 7000.14-R, "Department of Defense Financial Management Regulation," Volume 5, Chapter 34, current edition
(f) Section 1056 of title 10, United States Code
(g) DoD Directive 5500.7, "Standards of Conduct," August 30, 1993

E2. ENCLOSURE 2

DEFINITIONS

E2.1.1. Basic Understanding. To comprehend the underlying principles of a subject and apply them to everyday life situations.

E2.1.2. DoD Personnel. Active duty, Guard, and Reserve component members of the Military Services and civilian employees including nonappropriated fund employees and special Government employees of all offices, agencies, and departments carrying out a function on a Defense installation.

E2.1.3. Extended Absence Financial Plan. A plan developed by a Service member prior to deployment, specifying the following for the period of the absence: legal power of attorney to accomplish personal and financial requirements, a plan for meeting financial obligations, disposition of car and auto insurance, allotments for appropriate monthly expenditures, and disposition of other financial issues that might occur during the period of absence.

E2.1.4. Financial Planning and Counseling. The act of evaluating an individual's or family's income and expenditures and recommending short and long-term actions to achieve the financial goals and ensure individual, family, and mission readiness.

E2.1.5. Personal Financial Management Programs. Programs conducted by trained counselors who provide personal and family financial planning education, information services, and assistance, including, but not limited to, consumer education, advice and assistance on budgeting and debt liquidation, retirement planning, and savings and investment counseling.

E2.1.6. Personal Readiness. Service member's responsibility to prudently maintain day-to-day personal matters, and to adequately prepare for the management of personal responsibilities prior to departing on an extended absence, including: family matters and potential family contingencies, personal finances, personal property, and other personal obligations that may arise during an extended absence.

E2.1.7. Service Members. Active duty, Guard, and Reserve component members of the Military Services.

E3. ENCLOSURE 3

PROCEDURES FOR PERSONAL FINANCIAL MANAGEMENT FOR SERVICE MEMBERS

E3.1.1. At a minimum, Service members shall receive assistance to accomplish the following:

E3.1.1.1. Within 3 months after arriving at the first permanent duty station, a Service member shall demonstrate a basic understanding of pay and entitlements, banking and allotments, checkbook management, budgeting and saving (to include the thrift savings plan), insurance, credit management, car buying, permanent change of station moves (as required by Section 1056 of title 10, United States Code, reference (f)), and information on obtaining counseling or assistance on financial matters.

E3.1.1.2. Prior to any deployment that exceeds 4 weeks, a Military Service member shall be able to establish an extended absence financial plan as part of personal readiness preparation.

E3.1.1.3. Prior to assuming a leadership role as a supervisor, officers and noncommissioned officers shall have a basic understanding of policies and practices designed to protect junior military Service members within their command/supervision, to include those policies and practices governing commercial solicitation as outlined in reference (b).

E3.1.2. Instructional and informational materials shall be made available to Service members and families that assist them with critical life stages impacting personal finances (e.g., marriage, parenthood, college, and retirement).

E3.1.3. The Military Services shall provide information on personal finances to National Guard and Reserve personnel as an integral part of mobilization training.

E3.1.4. The Military Service members and their families shall be provided consumer information and assistance in handling consumer complaints.

E3.1.5. Programs shall be established to encourage spouses of Military Service members to participate in Personal Financial Management Programs.

E3.1.6. The Military Services may accept personal financial instruction and materials from organizations outside of the Department of Defense, as outlined in references (b) and (e). Preference should be extended to on-installation financial

institutions to conduct financial education training and counseling as prescribed at reference (e), paragraph 340408, as an integral part of financial service offerings, along with other on-installation personnel designated by the commander to perform this function. An instructor from an accepted source must be monitored by DoD personnel during the period of instruction.

E3.1.7. The Military Services shall respond to the request for age-appropriate classes or seminars to youth and teens as part of their school-age or youth education classes or activities at on-base Youth or Child Development facilities.

E3.1.8. The Commanders shall refer members in their commands for financial counseling and assistance by trained staff when notified of the member's financial indebtedness.

E3.1.9. At a minimum, one staff member within a family center shall be designated and trained to organize and execute financial planning and counseling programs for the military community. Personnel hired, contracted, or serving part time as the primary expert on personal finances for the installation or region, shall meet the following criteria:

E3.1.9.1. Possess a baccalaureate degree from an accredited college or a combination of education and experiences, which equips him or her to serve as a personal financial management counselor and maintain national certification as an Accredited Financial Counselor.

E3.1.9.2. Read and understand references (a), (b), and (c) in addition to being briefed about the pertinent provisions of DoD Directive 5500.7, "Standards of Conduct," August 30, 1993 (reference (g)).

E3.1.9.3. Receive continuing education on personal financial management on an annual basis and maintain professional certification.