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July 26, 2013

Financial Worries Prompt Servicemembers To Rein In Summer Vacations, First Command Reports

First Command Financial Behaviors Index® reveals top money-saving plans of men and women in uniform

FORT WORTH, Texas – Concerns over the economy and sequestration are impacting the rest and relaxation plans of military families, with the majority of active-duty homes cutting back on vacation spending.

The First Command Financial Behaviors Index® reveals that 54 percent of middle-class military families (senior NCOs and commissioned officers in pay grades E-6 and above with household incomes of at least \$50,000) are applying one or more money-saving tactics to their summer getaway plans due to the economy. And 68 percent of servicemembers say sequestration concerns are prompting them to change their vacation plans.

Popular cost-cutting approaches related to economic worries include:

- Staying closer to home (43 percent).
- Taking shorter vacations (34 percent).
- Taking “staycations” (34 percent).

- Cooking while on vacation rather than eating out (31 percent).

- Visiting family members (31 percent).

- Driving rather than flying (29 percent).

Similar strategies were reported by respondents who are cutting back to due sequestration concerns. Their No. 1 cost-cutting approach is taking a shorter vacation (23 percent).

These frugal strategies are coming at a time when military families are growing increasingly concerned about their household finances. In June, just 36 percent reported feeling extremely or very financially secure month to month, down from a year-to-date high of 44 percent in March.

At the same time, servicemembers are feeling more optimistic about their longer-term financial prospects. The June survey reveals that 51 percent of respondents reported feeling extremely or very confident that their financial situation will improve in the next year, up from a year-to-date low of 34 percent in February. But that long-term confidence may not last as sequestration supplants the economy as a major cause of financial concern for military families, said Scott Spiker, CEO of First Command Financial Services, Inc.

“Even as the economy continues to improve, our men and women in uniform are beginning to see how sequestration and military budget cuts may impact their lives in even more dramatic ways,” he said. “In the months ahead we will likely see military families express new concerns about their financial lives and respond by making a continuing commitment to spending less, saving more and prepare for an uncertain future.”

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. www.firstcommand.com/research

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 Bank and First Command Financial Planning, assist American families in their efforts to build wealth, reduce debt and pursue their lifetime financial goals and dreams—focusing on consumer behavior as the first and most powerful determinant of results. Through knowledgeable advice and coaching of the financial behaviors conducive to success, First Command Financial Advisors have built trustworthy, lasting relationships with hundreds of thousands of client families since 1958.

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