

Examining the financial stability of UK military families

An exploratory analysis

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Preface

Despite recognition of the unique demands of life in the Armed Forces Community¹ and how they can impact military families' well-being, there are significant gaps in understanding how Service life shapes the financial stability of Service personnel, their partners and the wider family unit during Service and post-transition to civilian life. Funded by the Forces in Mind Trust (FiMT), this study addressed these gaps by enhancing an understanding of the prevalence and drivers of financial instability of military families in the United Kingdom (UK). It also examined the finance-related support available for military families, the strengths and limitations of this support landscape and opportunities to improve policy and support provision.

This report describes the study's findings and discusses their implications for policy and practice supporting UK military families. The report may interest policymakers and practitioners working with the Armed Forces Community and academic and non-academic researchers in research on military veterans and families.

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¹ The Armed Forces Covenant defines the Armed Forces Community as 'all those towards whom the Nation has a moral obligation due to Service in [Her Majesty's] Armed Forces'. This includes Regular and Reserve personnel, veterans, families of Serving and ex-Service Regular and Reserve personnel, and the bereaved (MOD 2011).

Executive summary

Study context and objectives

Existing national and international research posits that Armed Forces personnel have relatively higher incomes than people in civilian occupations and benefit financially from a comprehensive set of incentives provided by the military employment Offer. Service personnel and their partners also have access to benefits and support from the Armed Forces Community, which is perceived to enhance military families' financial stability. However, the unique demands and nature of Service life, such as high mobility levels, may contribute to financial instability for some military families. These dynamics have thus far not been explored in existing research.

This study therefore aimed to explore the financial stability of military families in the United Kingdom (UK). The study's objectives were twofold:

1. Understand military families' financial (in)stability and how much Service-life characteristics can positively or negatively contribute to it.
2. Explore existing finance-related support mechanisms and propose recommendations to improve policy and support provision.

Rather than empirically measuring financial stability levels and the impact of Service-related factors, the study provided an initial exploratory analysis of the prevalence and drivers of financial (in)stability. It thereby aimed to provide a foundation for a broader research agenda on the UK Armed Forces Community's financial stability, resilience and well-being.

Research approach

We conducted the study using a convergent mixed-methods research design, collecting qualitative and quantitative data in the same timeframe. We subsequently integrated and analysed insights from both data sets relative to the research questions (RQs), as outlined below against corresponding research findings.

To understand military families' financial stability and how Service life characteristics contribute to it, we conducted a bespoke survey with 436 Serving and ex-Serving personnel and their partners alongside 16 qualitative interviews with stakeholders from the charity sector, the Armed Forces, the Ministry of Defence (MOD) and wider government, and other support organisations working with the Armed Forces Community. The survey included quantitative measures of the respondents' perceived financial stability and the significance of various possible determinants. It also generated qualitative data through written responses to open-ended questions.

To explore the existing support landscape, we conducted desk-based research mapping of existing support mechanisms and additional analysis of stakeholder interview data. Lastly, we held a research workshop with 26 stakeholders to identify key implications from the study findings and emerging opportunities and pathways for improving policy and practice.

Findings

RQ1: What is the prevalence of financial instability among current and former Service personnel and partners?

The survey conducted in our study explored three measures of financial instability: perceived income stability and adequacy, perceived financial-resource stability and adequacy,² and perceived capacity³ and resources to recover from financial shocks.⁴

We found that military personnel and their partners have mixed perceptions of their financial stability: survey respondents generally perceived their household income positively regarding its *stability* but less positively regarding its *adequacy*. On average, respondents perceived the stability and adequacy of their financial resources more negatively than their income. Across all three measures of financial stability, respondents' most negative perceptions related to their ability to recover from financial shocks. Among the partner population, almost half of the respondents disagreed or strongly disagreed that they had the capacity to recover from financial shocks. Over half disagreed or strongly disagreed that they had sufficient resources to recover from such a shock. Personnel who participated in the survey reported similar views.

The study indicated some demographic trends in perceived financial stability (i.e. age and ethnicity). Older respondents appeared to have more positive views of their financial stability than younger respondents. It was also evident within the survey sample that respondents who reported being Asian/Asian British, Black/African/Caribbean Mixed or another ethnicity were more likely to disagree or strongly disagree with having stable or adequate incomes and financial resources than respondents who identified as White.

The survey results indicated that many personnel and partners experienced a negative or significantly negative change in their financial stability after the onset of the COVID-19 pandemic. Experiences of financial hardship were tied to inflation, rising living costs, changes in personal circumstances leading to changes in spending (e.g. overseas relocation during COVID-19) and greater perceived barriers to partner employment. Survey responses indicated that the ongoing cost-of-living crisis has further undermined families' ability to save or maintain their savings. However, some survey respondents indicated that their financial stability improved during the pandemic due to better employment opportunities, reduced commute-based expenditure or positive changes in personal circumstances (e.g. inheritance).

RQ2–RQ3: Which factors impact the financial stability of current and former Service personnel and partners? How does military Service affect the financial stability of current and former personnel and partners?

Overall, data collected in this study indicated that military Service uniquely shapes the financial stability of military personnel and the wider family unit, and it does so both positively and negatively.

2 E.g. cash, savings, bank deposits and stockmarket stocks and bonds.

3 E.g. knowledge, skills, motivation, access to financial services and family or relationship networks.

4 E.g. economic crisis, loss of employment or damage to property.

Survey participants considered subsidised housing, the Armed Forces pension, healthcare provision (for Serving personnel), operational and non-operational allowances and basic pay the most significant factors *enhancing* their financial stability. Stakeholders interviewed in the study also highlighted the military Offer's positive value against civilian financial rewards, including access of Service personnel and their families to benefits with a financial value (e.g. subsidised schooling), high job security, access to finance-related support services and opportunities for upskilling and social mobility.

Among factors *negatively* affecting financial stability, the survey findings suggested that 'difficulties in spouse or partner gaining and/or maintaining employment' is the most significant factor contributing to financial instability. Survey respondents reported correspondingly negative perceptions about the impact of Service life on their employment and career development opportunities, particularly among the partners of Army personnel. Several factors underpinned this perception, including frequent location moves, the Serving spouse or partner's long or unpredictable working hours, and childcare-affordability issues that, while also applicable to civilian populations, are compounded by military-specific stressors such as high geographic mobility.⁵ Other factors that survey participants perceived as negatively impacting their financial stability included childcare accessibility and affordability, the hidden costs associated with characteristics of Service life (particularly relocation and separation), the constraints of career-management practice on a family's ability to plan financially, and the complexity of organisational processes for families to access allowances or finance-related support.

Stakeholders reported similar negative impacts of Service life on financial stability as survey respondents did. However, the study pointed to a disconnect between perceptions of the military service offer among the stakeholder community and the lived experience of military Service and the Offer. While stakeholders frequently commented on the Offer's comprehensiveness compared to civilian financial rewards, many survey respondents perceived the Offer's value to be eroding. Alongside other areas of disconnect, this finding indicates that the Offer's value must be assessed from a family (rather than individual) perspective to understand financial stability accurately and that its scope and concept may need to be better communicated to military personnel and families.

RQ4: What financial support mechanisms are available to current and former Service personnel and partners? What areas do these support mechanisms cover?

The Armed Forces Community benefits from access to various interventions and mechanisms to support military families' financial stability during and after Service. This suite of benefits includes mechanisms bespoke to the military context and provided by the MOD, Armed Forces or non-statutory service providers specifically to address the Armed Forces Community's needs. It also includes broader support accessible to military and civilian families, such as Citizens Advice. We categorise military-focused mechanisms as follows:

- Services supporting the development of good *financial behaviours* (e.g. advice on financial management, debt management and pensions and allowances).
- Services providing direct financial value to the beneficiary (e.g. grants and loans).

- Mechanisms that are not explicitly finance-based but relate to financial well-being (e.g. housing and employment support).

Consulted stakeholders had a positive view of the support landscape's breadth, particularly recognising the increasing support to address the root causes of financial instability and reduce families' long-term reliance on direct financial support. Additionally, interviewees noted the improved coordination between different support providers in recent years.

RQ5: What solutions or interventions could improve the financial stability of current and former Service personnel and partners?

The study findings indicate a need to improve policy and finance-related support to address several gaps and limitations of the support landscape and challenges yet to be addressed by support providers. These gaps and limitations include:

- Perceived cluttering and fragmentation of the support landscape, which could be addressed through improved signposting and coordination among support providers.
- Limited or poor communication and effective information-sharing (particularly from the MOD and single Services) to military families, notably partners of Serving personnel.
- Inconsistent levels of expertise and understanding of finance-related issues among relevant gatekeepers (e.g. regimental welfare officers), career managers and the command chain.
- Persistent uncertainties around military families' access to affordable childcare and gaps in childcare support, despite the introduction of The Wraparound Childcare (WAC) scheme.⁶
- Limited support for partners and families compared to Serving and ex-Serving personnel, gaps in support for overseas families, non-UK personnel and their families, and potentially increased levels of financial risk faced by the wounded, injured and sick, and recent Service leavers.
- Persistent barriers to help-seeking, embedded in cultural factors, poorly held personnel assumptions about the implications of accessing finance-related support, the administrative burden associated with accessing support, and geographic variations in levels of support available to families.⁷

The study also pointed to some uncertainties and evidence gaps regarding the Armed Forces Community's financial stability that need addressing to improve existing policy and support. Firstly, while some financial dynamics appear directly linked to the demands of Service life, differences in military and civilian families' experiences and support needs must be better understood to target support to key areas of need or disadvantage. Secondly, there are evidence gaps around levels of financial literacy and financial management skills among Armed Forces personnel and their partners and how this shapes family financial stability. These factors must be better understood to improve support for families' long-term financial stability, including transitioning to civilian life.

6 The WAC scheme was launched in 2022 and provides up to 20 hours of childcare for 4–11 year-olds during term time for eligible Service personnel. See MOD (2022e) for further information.

7 These factors mirror those documented in existing research on barriers to mental health help-seeking and access to injury-related compensation and the welfare benefits system. See, for example, Scullion et al. (2018), Scullion et al. (2019) and Randles & Finnegan (2022).

Recommendations

Table 0.1 summarises the research team's recommendations to the MOD, single Services and non-statutory support providers. These recommendations address four areas: strengthening the overarching approach and cross-cutting enablers for finance-related support to military families, improving financial literacy training, facilitating better information provision and addressing barriers to seeking help and accessing support.

Table 0.1 Summary of study recommendations

Category	Recommendations
Strengthening the overarching approach to enabling and sustaining military families' financial stability and implementing cross-cutting enablers for a stronger support landscape.	<ul style="list-style-type: none"> • Foster partner inclusion in all aspects of policy and support relating to Service personnel's financial stability and well-being. • Build awareness and understanding of financial risks associated with Service life among relevant gatekeepers, career managers and the chain of command. • Facilitate a better understanding of financial stress experiences among Service families and the Armed Forces Community's disadvantages compared to the civilian population. • Embed improvements to policy and practice within the MOD Armed Forces Families Strategy through a dedicated Finance workstream.
Building a comprehensive offer of financial literacy education for Serving personnel and their partners as part of the holistic transition policy.	<ul style="list-style-type: none"> • Ensure that financial education is career-long, initiated early in a Service person's career, and embedded into existing training structures (e.g. basic-, second-phase and Officers training). • Ensure relevant resources and training are accessible to military partners, rather than the Service person alone. • Focus education and training provided by the MOD and single Services on those financial management aspects that need to reflect the unique nature of Service life. • Work with civilian support providers to raise awareness about the Armed Forces Community's unique needs and ensure personnel and partners' access to general financial management programmes.
Improving information provision, including information about available support mechanisms, to aid military families in their financial management.	<ul style="list-style-type: none"> • Ensure continuous provision of information to Service personnel and partners in a timely and accessible manner. • Explore creating a tri-Service family-accessible information portal to centralise direct information provision to family members. • Facilitate resource-and-information sharing on available support mechanisms among stakeholders.
Addressing barriers to accessing support and help-seeking.	<ul style="list-style-type: none"> • Understand and mitigate potential financial-stress-related stigmas and barriers to help-seeking. • Understand and address financial risks and support needs of families located overseas (e.g. barriers to accessing support in the UK). • Ensure consistent information-sharing and support pathways across Defence, including effective signposting from the MOD across the single Services.

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Abbreviations

AFF	Army Families Federation
AFPRB	Armed Forces' Pay Review Body
CEA	Continuity of Education Allowance
CTP	Career Transition Partnership
ELC	Enhanced Learning Credit
FiMT	Forces in Mind Trust
LSA	Longer Separation Allowance
MOD	Ministry of Defence
MODREC	MOD Research Ethics Committee
NHS	National Health Service
OF	Officer
OR	Other Ranks
PTSD	Post-Traumatic Stress Disorder
RAF	Royal Air Force
RQ	Research Question
RRP	Recruitment and Retention Payment
TA	Thematic Analysis
UK	United Kingdom
US	United States
WAC	The Wraparound Childcare scheme

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Despite these many contributions, this report's authors remain responsible for its contents.

Chapter 1. Introduction

1.1. Background

While Service personnel are generally considered to have higher income levels than the civilian population,⁸ anecdotal evidence suggests that the specific demands and nature of life in the Armed Forces can present various circumstances that may undermine Service personnel and their families' short- and long-term financial stability. Across the civilian and military population, a family's financial well-being can be influenced by multiple factors, including exogenous trends such as the macroeconomic environment, labour market conditions, housing costs, as well as financial and labour-market literacy and ability to manage work-family conflict.⁹ For military families, these factors may combine with those stemming from the unique nature of Service life, including high mobility levels, separation due to operational deployment and other Service-related activities (e.g. training), potential overseas relocation, and differences between military and civilian employment presenting potential difficulties to personnel and their families during and after their Service.¹⁰

Box 1. Definition of financial stability

We understand 'financial stability' as a statement of financial equilibrium whereby an individual has access to 'stable, adequate' *income* and 'stable, adequate financial resources'.¹¹ Income includes a regular salary, benefits or subsidies. Financial resources include savings and assets, e.g. housing, and the ability to respond to unpredicted expenses without negatively impacting an individual's financial outlook.¹² Financial stability encompasses financial resilience, comprising the ability to better cope with and recover from a financial shock or adversity.¹³ Conversely, financial instability means a lack of predictable income and/or resources to withstand unexpected expenses or financial shock.¹⁴

8 For example, see Hosek & Wadsworth (2013) and Skomorovsky et al. (2019).

9 Centre for Social Justice (2016).

10 For example, see Segal (1986).

11 United Way (2023).

12 Centre for Economics and Business Research (2018).

13 Demos (2016) and McKnight (2018).

14 Financial instability is distinct from other concepts describing a lack of financial well-being. For example, financial vulnerability describes conditions under which people are at risk of becoming financially unstable (Citizen's Advice, 2018).

Factors characterising the unique nature of Service life can have varied impacts on a family unit's financial well-being. For example, high mobility levels can make it challenging for military partners to secure employment and develop their careers¹⁵ and for families to obtain a favourable credit rating, affecting their ability to secure personal financial 'milestones' such as a mortgage. Exacerbating this, a possible lack of transferable skills or lack of support during resettlement can make it difficult to transition to the civilian job market.¹⁶ Difficulties understanding the complexities of the civilian social security system can also inhibit former Service personnel's access to state support.¹⁷

Despite these issues, research on the financial well-being of military families and how military Service shape their financial experiences in the short- and long-term is limited. Recent research has explored veterans' experiences with the welfare benefits and compensation system, highlighting complexities and potential barriers they face in accessing benefits and financial compensation.¹⁸ Aside from this veteran-focused research, evidence relating to family finances among the Armed Forces Community remains largely anecdotal or based on the experience of charities and other groups working with ex-Service personnel and their families.¹⁹ It is crucial for finance-related support provision that research investigates whether Service life contributes to financial instability in such groups and how and why it may do so.

This issue is a particularly pressing research need in the current UK economic environment, which has been significantly affected by political and economic developments (such as Brexit and the COVID-19 pandemic) and a resulting cost of living crisis.²⁰ These developments have had varied impacts on the Armed Forces Community. For example, travel restrictions and mandatory quarantine periods and COVID-19 testing requirements have increased risk of financial hardship for those serving overseas and their families.²¹ Brexit's legislative implications and broader macroeconomic trends have also constrained employment opportunities.²² Therefore, the Ministry of Defence (MOD), the Armed Forces, the charity sector and other service providers require a nuanced understanding of the prevalence and drivers of financial instability among UK military families to effectively support the community and foster long-term financial resilience through suitable policies and levers.

15 Centre for Social Justice (2016) and Scullion et al. (2019).

16 Gordon et al. (2020) and Fisher et al. (2021).

17 Notably, research has found that ex-Service personnel struggle to understand the spectrum of benefits available to them, the eligibility conditions for different benefits and their respective application processes (Scullion et al. 2019).

18 Levin (2020) and Hynes et al. (2022).

19 Ahead of commencing this study, the research team consulted with the Army Families Federation (AFF), the partner on this project.

20 As defined by the Institute for Government, the cost of living crisis refers to 'the fall in real disposable incomes (that is, adjusted for inflation and after taxes and benefits) that the UK has experienced since late 2021' (Institute for Government 2022).

21 MOD (2020b).

22 Lyonette et al. (2018).

1.2. Insights from existing literature

Though lacking precise assessments of the financial stability of military families in the UK, existing literature indicates several broad trends regarding military populations' financial well-being.²³ As mentioned earlier, military personnel are generally believed to have higher income levels than comparable civilian occupations due to the advantages of military compensation (e.g. non-contributory pensions and allowances). Evidence from the UK generally indicates that military compensation has strengths compared to elsewhere in the public sector but not compared to the private sector.²⁴ Though the net position of military pay versus civilian pay has remained unchanged or even weakened since 2010, it appears to have improved due to the COVID-19 pandemic's impact on the civilian economy.²⁵

Regarding financial resources – the second element of financial stability – existing research shows a mixture of positive and negative trends in the military population compared to wider civilian society. Notably, international research indicates that the military population exhibits higher levels of financial literacy but is at higher risk of incurring financial debt.²⁶ Evidence also suggests that younger military personnel are more likely to experience financial strain than the wider military population.²⁷ However, it is unclear whether demographic factors other than age play a role in military families' financial stability levels.

Financial stability is associated with various factors, including personal circumstances producing financial stressors (e.g. significant life events such as divorce) and macroeconomic trends such as labour market conditions, social networks and financial literacy.²⁸ Existing research also indicates that financial well-being varies across demographics, particularly family composition (e.g. families with young children), gender and ethnicity.²⁹ Beyond general factors shaping military and civilian families' finances, existing literature highlights several Service-specific risk factors. These factors include aspects during and after a Service person's career, including post-transition to civilian life, as outlined below:

- Evidence highlights unexpected costs associated with separation or relocation and the detrimental impacts of Service on partner employment as frequently mentioned factors. Research also indicates that the military population may engage in higher levels of financial risk, such as gambling or incurring debt.³⁰ Lastly, there are indications that childcare provision or educational costs for Service children may exert financial pressures on military families due to high childcare costs or the unavailability of affordable childcare, limiting employment opportunities for Serving personnel's partners.³¹ Though civilian families also face challenges

23 See Annex A for a full discussion of the literature review findings.

24 PwC (2015).

25 AFPRB (2022).

26 Skomorovsky et al. (2019).

27 Peach (2019).

28 Varcoe et al. (2003), Joo & Grable (2004), Carlson et al. (2016) and Skomorovsky et al. (2019).

29 Western et al. (2012), Valentino et al. (2014), Peach (2019) and Morrissey et al. (2020).

30 Colishaw et al. (2020) and Pritchard et al. (2022).

31 See, for example, Caddick et al. (2018).

accessing affordable childcare, research suggests that military families face particular additional challenges due to the mobile nature of Service life.³²

- Military Service may impact long-term financial stability due to challenges military personnel and their partners may face in finding suitable employment, navigating the civilian housing market and managing other financial elements of military-to-civilian transition (e.g. expenses associated with training and relocation).³³ The health and well-being impacts of Service-life demands (e.g. physical or mental injury) can also adversely affect the financial stability of an ex-Service person and their family.³⁴

Financial risk or instability has various implications extending to many personal and family well-being aspects. For example, research indicates that military personnel who experience financial stress may be at an increased risk of severe mental health outcomes, including suicide and substance abuse. Moreover, there appears to be a consensus that financial well-being is positively associated with life satisfaction and emotional well-being.³⁵ Though such associations are also evident among the civilian population, unique dynamics may be at play among the Armed Forces Community due to Service-specific stressors that potentially exacerbate the mental-health impacts of financial stress. Research indicates that ex-Service personnel reporting a Post-Traumatic Stress Disorder (PTSD) diagnosis have lower total incomes during their careers than other veterans, indicating a further correlation between financial and broader well-being post-transition to civilian life.³⁶ Therefore, assessing financial instability among military personnel and families could yield critical insights into potential mitigation strategies to improve their long-term well-being and financial outlook.

1.3. Research objectives

Given the above context, this study aimed to fill gaps in the evidence base on Service personnel and their families' financial stability. The study focused chiefly on financial stability as understood by personnel and their partners. Therefore, while orientated towards the financial stability of the wider family unit, the study examines the issue specifically through the lens of personnel and their partners. Our ultimate objectives were to help improve policy and service provision in this area and promote greater awareness of financial matters within the Armed Forces Community. To summarise, our research aims were twofold:

1. **Improve understanding of the financial stability of military families and the extent to which characteristics of Service life can contribute to financial instability:** Specifically, this project seeks to provide a more robust indication of the prevalence of financial instability among households with current and former Service personnel and to examine which Service-related factors may be associated with financial stability either in the short- or long-term. This aim

32 See, for example, Alston (2020).

33 Hosek & Wadsworth (2013), Søndergaard et al. (2016) and Brignone et al. (2017).

34 Mulligan et al. (2012) in Søndergaard et al. (2016).

35 Skomorovsky et al. (2019) and Wang & Pullman (2019).

36 Hosek & Wadsworth (2013).

includes examining how military Service may affect the financial stability of families during their Service and after a Service person has transitioned to civilian life.

2. **Explore existing finance-related support mechanisms and propose recommendations to improve policy and service provision:** After examining the potential prevalence of financial instability among households with current and former Service personnel and exploring whether such prevalence may, in part, be driven by characteristics intrinsic to Service life, this research aims to characterise the existing statutory and non-statutory support and provide recommendations for potentially improving this landscape.

To address these objectives, we used the five RQs outlined in Table 1.1 below to guide the research.

Table 1.1 Research objectives and questions

Research objective	Research questions
Improve understanding of the financial stability of military families and the extent to which characteristics of Service life can contribute to that instability	<p>RQ1: What is the prevalence of financial instability among current and former Service personnel and partners?</p> <p>RQ2: Which factors impact the financial stability of current and former Service personnel and partners?</p> <p>RQ3: How does military Service affect the financial stability of current and former personnel and partners?</p>
Explore existing interventions and propose recommendations to improve policy and service provision	<p>RQ4: What financial support mechanisms are available to current and former Service personnel and partners? What areas do these support mechanisms cover?</p> <p>RQ5: What solutions or interventions could improve the financial stability of current and former Service personnel and partners?</p>

Source: RAND Europe.

We note several caveats regarding the scope of this study:

- Firstly, the study aims to investigate how Service life affects financial stability, not to empirically assess the causal links between Service life and financial well-being levels among Serving and ex-Service personnel or their families. The study offers an exploratory analysis identifying the key Service-related factors that may shape family financial stability and their mechanisms. However, further quantitative research is needed to quantify these factors' impacts using statistically representative samples.
- Secondly, while the study assesses the prevalence of financial instability among UK military families, it does not empirically measure financial stability levels at a statistically significant level. It also does not compare financial stability levels between military and civilian families. These two areas are undoubtedly priorities for further research built on this study's exploratory insights.
- Thirdly, budgetary and time-related constraints determined the research's scope and design-and-methodology decisions. Data collection took place between June and November 2022,

condensing participant recruitment for the survey and stakeholder interviews into a relatively short period. While sufficient for this exploratory study's purposes, future research should expand this scope. We hope further research will test this study's findings on larger, more representative samples of the Armed Forces and military-families population.

1.4. Structure of this report

This report is divided into six chapters, as outlined in Figure 1.1 below. Two supporting annexes, available as a separate document (Slapakova et al. 2023), provide supplementary information.

Figure 1.1 Overview of the report structures

Context	Methodology	Findings			Conclusions & recommendations
Chapter 1 Introduction	Chapter 2 Research approach	Chapter 3 Prevalence of financial instability among UK military families	Chapter 4 Factors shaping the financial stability of UK military families	Chapter 5 Nature, strengths and limitations of the support landscape	Chapter 6 Conclusions and recommendations
Annex A Literature review	Annex B Research approach (detailed)	RQ1	RQ2-3	RQ4-5	

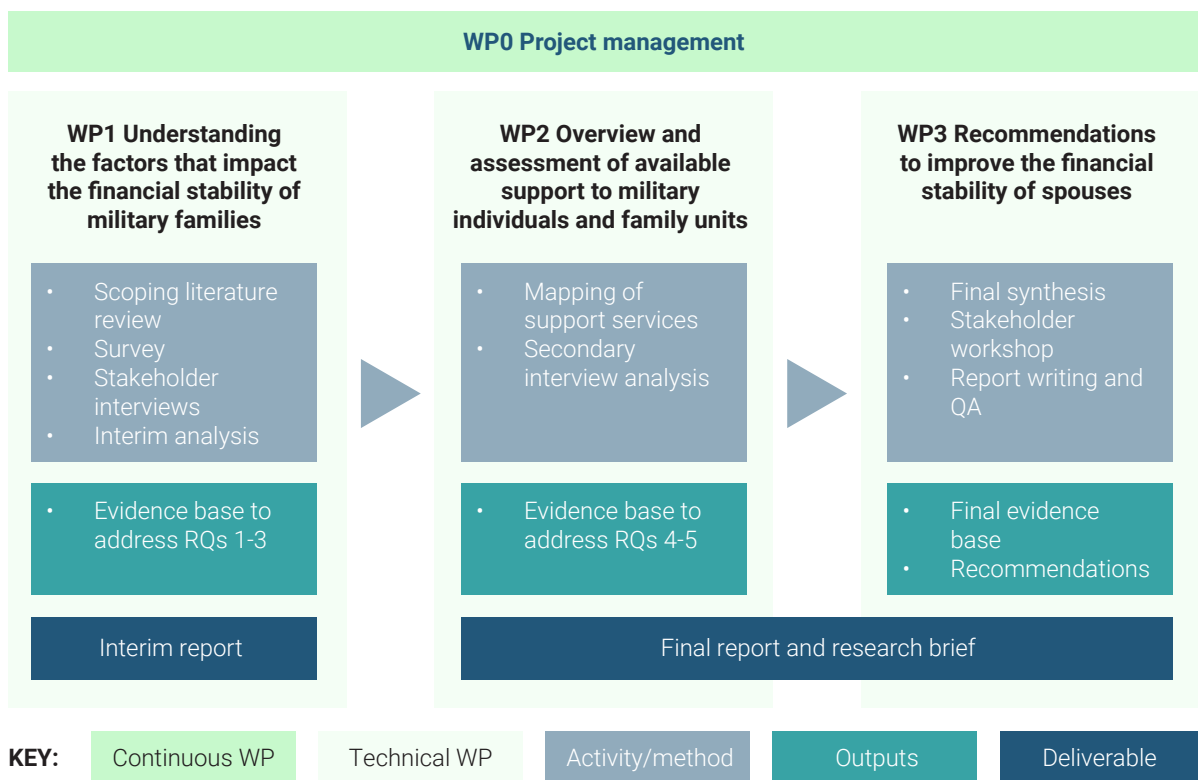
Chapter 2. Research approach

This chapter briefly describes the study methodology, including the data collection and analysis methods. Annex B provides a more detailed methodological description, including a granular breakdown of survey respondents.

2.1. Research design, data collection and analysis

This study used a convergent mixed-methods research design, collecting and analysing qualitative and quantitative data in the same timeframe and integrating and analysing insights from both datasets relative to the RQs.³⁷ The approach was structured according to three work packages (WPs), as shown in Figure 2.1. We describe the approach used in each WP below.

Figure 2.1 Overview of the research approach and project structure



Source: RAND Europe.

2.1.1. Understanding the prevalence and underpinning factors of financial instability

The research team first undertook a scoping literature review to map out publicly available knowledge on Service personnel and military families' financial stability, well-being or resilience. The literature review findings (fully described in Annex A) supported the design of two data-collection activities:

- **A survey of 436 Serving and ex-Service military personnel and their partners:** The survey focused on understanding personnel and partner perceptions of their financial stability, factors influencing their families' financial stability, first-hand experience of stressors in managing their finances, and how these may be related to Service life. While the survey primarily collected quantitative data, it included a free-text section that enabled the collection of qualitative insights.
- **Qualitative interviews with 16 stakeholders from across the MOD, the single Services, the charity sector and other support organisations working with the Armed Forces Community:** The interviews addressed evidence gaps identified in the scoping literature review, enriching and contextualising the information obtained in the survey and gathering additional insights on the support landscape.

The survey enabled us to examine Armed Forces personnel and their partners' perceptions of their family's financial stability and the factors positively and negatively contributing to it. The survey followed the definition of financial stability used by the study, exploring respondents' perceptions of a) their income, b) their financial resources, and c) their resilience to financial shocks. Our analysis of the underlying determining factors tested the relevance of factors already identified in the literature as impacting family finances. The longlist of factors developed from the literature review comprised:

- **Factors potentially reducing financial stability:** limitations of the Offer (i.e. financial and non-financial incentives provided by the Armed Forces); factors related to mobility, separation, and other demands of Service life; factors related to military-to-civilian transition or differences between the military and civilian lifestyles; and personal circumstances.
- **Factors potentially increasing financial stability:** the Offer; external services and schemes of financial value (i.e. services and incentives not provided by the Armed Forces); and other elements of Service life.

Table 2.1. details the longlist of factors. While the survey focused on testing these factors' perceived importance, we asked survey respondents and interview participants about any other Service-related factors that may shape financial stability. Additionally, we prompted respondents to elaborate on their experience or provide additional relevant comments via open textboxes.

Table 2.1 Factors impacting financial stability tested in the survey

High-level category		Factor
Positive factors	The Offer	Basic pay
		Recruitment and Retention Payment (RRP)
		Armed Forces Pension
		Non-operational allowances (e.g. Longer Separation Allowance)
		Operational allowances
		Financial incentive schemes (e.g. Commitment Bonus)
		Subsidised housing
	External services and schemes	Healthcare provision (medical, dental)
		Access to affordable and suitable childcare
		HM Armed Forces and Veterans-specific financial advice
		Get You Home (GYH)
		Forces Help to Buy
		Financial discounts (e.g. railcards, DDS)
	Other elements of Service life	Professional learning and development opportunities
		Mobility
		Ability of spouse to build a pension
Negative factors	The Offer	Basic pay
		Armed Forces Pension
		Accommodation provision
	Mobility, separation and other demands of Service life	Lack of spousal/partner pension
		Difficulties in spouse/partner gaining/maintaining employment
		Mobility
		Separation due to military life, not deployment
		Out-of-pocket expenses to cover Service-life circumstances (e.g. relocation, deployment)
		Childcare accessibility and affordability
		Home-schooling/boarding school
	Transition and military-civilian differences	Lack of knowledge of service-and-utility costs post-transition to civilian life
		Difficulties in gaining civilian employment post-transition
		Costs to relocate at the end of Service
	Personal circumstances	Physical/mental health or illness/injury related to military Service
		Personal circumstances (e.g. separation or divorce) due to Service life

Source: RAND Europe literature review.

The survey targeted a broad sample of Serving and ex-Service personnel and their partners, including participants with different family circumstances (e.g. married, long-term relationships, widows and single personnel with children). Participants were recruited through the AFF's networks, open social media outreach, and via relevant stakeholders consulted in the study.

In total, 436 participants took part in the survey. Annex B provides a complete sample description, while Table 2.2 below summarises the key sample characteristics. Analysis of the survey focused on descriptive statistical analysis and contingency table analysis of the quantitative data, and reflexive Thematic Analysis (TA) of respondents' open text-box inputs.

Table 2.2 Summary of key survey-sample characteristics

Factor	Sample characteristics
Respondent categories	<p>The two largest categories of respondents were:</p> <p>Serving members of the UK Armed Forces with a spouse/civil partner or a long-term partner (36.72 per cent); and</p> <p>A spouse/civil partner of a current or former UK Armed Forces Service member (45.50 per cent).</p> <p>A few responses were in other respondent categories, including ex-Service personnel, long-term partners, separated or divorced partners, widowed partners, dual-serving partners and single parents with children.</p>
Service affiliation	<p>Among Serving and ex-Service personnel, 64.8 per cent of respondents were from the Army, 18.8 per cent were from the Royal Air Force (RAF) and 16.0 per cent were from the Royal Navy (RN).</p> <p>Among partners, 66.6 per cent were from Army families, 10.8 per cent were from RAF families and 14.6 per cent were from RN families.</p>
Rank	<p>The sample included personnel from across all rank categories and partners associated with Serving personnel across all rank categories.</p> <p>Overall, 31.9 per cent of personnel reported being Officers, and 40.3 per cent of the partner population reported being an Officer's partner.</p>
Gender	<p>Among partners of Serving and ex-Service personnel, 94.3 per cent were women and 4.8 per cent were men.</p> <p>Among Serving and ex-Service personnel, 26.7 per cent were women and 71.1 per cent were men.</p>
Age	<p>Respondents belonged to a broad spectrum of age groups. Most participants were in the 25–34 and 35–44 age categories.</p>
Ethnicity	<p>Most respondents (87.99 per cent) identified as having White ethnicity. Other respondents reported a mixture of Asian/Asian British, Black/African/Caribbean/Black British, and mixed or other ethnicities.</p>

Source: RAND Europe analysis of survey data.

Alongside the survey, the research team conducted 16 qualitative interviews with stakeholders. Consulted stakeholders included representatives from military charities (n=6), the MOD and wider government (n=4), the single Services (n=4), and representatives from other support associations

(e.g. pensions advisories working with the Armed Forces Community, n=2). We identified interviewees using purposive sampling based on their experience and/or role in supporting the Armed Forces Community in an area related to the study.

Interviews were semi-structured and focused on understanding support service providers' experiences and the policy perspective regarding the Armed Forces Community's financial stability, identifying how finance-related support is provided to military families and the strengths and limitations of the support landscape. As with the survey, we analysed interviews thematically using a reflexive TA approach.

2.1.2. Overview and assessment of the support landscape

The second WP focused on understanding three issues:

- The financial support mechanisms available to Service personnel and their partners
- Areas where support to the Armed Forces Community could be strengthened
- How to improve policy and practice, including through new interventions or support mechanisms.

We addressed these issues through desk-based research, secondary analysis of the interview data and a stakeholder workshop.

To assess the support available to military families, we first mapped the support landscape via structured desk-based research. This activity focused on identifying financial and non-financial products and services oriented at the Armed Forces Community, i.e. support mechanisms tailored or bespoke to (ex-)Service personnel or their families. The desk-based research included targeted online searches to identify support mechanisms and gather initial information about their scope, beneficiaries and any evidence on impact. These findings informed the development of a taxonomy of support mechanisms to map out the support types available to the Armed Forces Community and the potential gaps.

In addition, we analysed data collected through interviews with stakeholders (see Section 2.1.1). This analysis identified themes concerning the current support landscape's a) overall characteristics, b) strengths, c) gaps and limitations, and d) opportunities and priorities for strengthening. This analysis followed a reflexive TA approach, like the initial interview analysis conducted in WP1.

The study's final research activity was a stakeholder workshop to validate and elaborate on the emerging research themes, identify key implications for policy and practice stemming from the research, and gather initial input for recommendations to improve policy and support. The workshop was held in a hybrid setting and gathered 26 stakeholders from the charity sector (n=9), the MOD and wider government (n=2), the Armed Forces (n=4) and other support organisations (n=11). Building on the workshop and previous research activities, we prioritised and refined the study recommendations and built Quality Assurance for the final research report in the study's final stages.

2.2. Research ethics and methodological limitations

We received ethical approval for the study through the MOD Research Ethics Committee (MODREC, Ref. 2107/MODREC/21). The RAND Europe Data Protection Officer provided a review of all data collection materials to ensure the integration of all relevant data protection safeguards.

Readers of this report should consider several methodological limitations of the study:

- As described previously, the study survey focused on Serving or ex-Service personnel and their partners describing their financial well-being and Service-life experiences. It did not objectively measure participants' financial stability level through data other than their reported household income and self-perceived financial stability level. As such, the research drew heavily on the Armed Forces Community's self-reported, subjective views and opinions. While enabling insights into Service personnel and their partners' lived experience of Service life, it thus does not provide an objective measurement of financial stability to compare against survey respondents' perceptions. The absence of an objective measurement should provide an impetus for further empirical testing of this study's findings.
- We recruited survey participants through open advertisement of the study rather than direct recruitment of a pre-defined participant sample. Survey participants self-identified if they were interested in participating in the study and conformed to the inclusion criteria. This recruitment method meant that the research team could not obtain a fully representative sample of the target cohorts and engage equally with all sub-categories of the target group or participants with varied Service affiliations. As noted in Section 2.2.2, the survey sample was heavily skewed toward two categories of participants: a) Serving personnel with a spouse, civil partner or long-term partner, and b) a spouse/civil partner of either a current or former Service member of the UK Armed Forces. Similarly, a comparatively large number of participants were either Army personnel or their partners. Therefore, further research will be needed to provide a more in-depth understanding of the experiences of other cohorts targeted in the study, such as single parents with children or dual-serving relationships.
- A further limitation of the sample of survey participants is that participant recruitment relied on dissemination via military charities and partner organisations. This approach may have introduced bias into the survey sample, tending towards respondents who have already identified a need for support due to financial instability or other factors. Moreover, we conducted several interviews with representatives from the Service charity sector; while necessary to gather insights on the support service landscape, such charity-based interviewees may have further skewed the results towards factors negatively shaping financial stability. This limitation highlights the need for future research to test this study's findings on larger, more representative samples of Serving and ex-Service personnel and their partners.
- Lastly, the survey's relatively small sample size limited the analysis options. We deemed cross-tabulation analysis suitable for the survey analysis as it provided a simple, insightful way of understanding relationships between the variables. However, this method does not indicate causal relationships. Further research on larger, more representative samples is needed to provide insights into causal mechanisms, such as the most influential Service-related factors shaping financial stability across different cohorts of Serving and ex-Service personnel and their wider family unit.

Chapter 3. Prevalence of financial instability among UK military families

This chapter discusses the study's findings regarding the prevalence of financial instability among UK military families (RQ1), including findings from the survey with Serving and ex-Service personnel and their partners and stakeholder interviews.

Due to the low number of survey respondents in some respondent categories, we describe survey data in this chapter and Chapter 4 relative to two combined respondent categories for ease of analysis and interpretation of the findings. These are:

- **Personnel:** comprising a) Serving and former members of the UK Armed Forces with a spouse, civil partner or long-term partner, b) partners who are divorced or widowed, or c) current spouses or long-term partners of a current/former Service member who also serve as a member or former Serving member of the UK Armed Forces (i.e. dual-serving personnel).
- **Partners:** comprising a) spouses, civil partners and long-term partners of either a current or former Service member of the UK Armed Forces, b) separated but still legally married partners or partners in a civil partnership with a current or former Service member of the UK Armed Forces, c) partners divorced from/formerly in a civil partnership with a Service member of the UK Armed Forces, and d) widows or surviving partners from a civil partnership with a former Service member of the UK Armed Forces.

3.1. Cross-cutting insights into financial stability

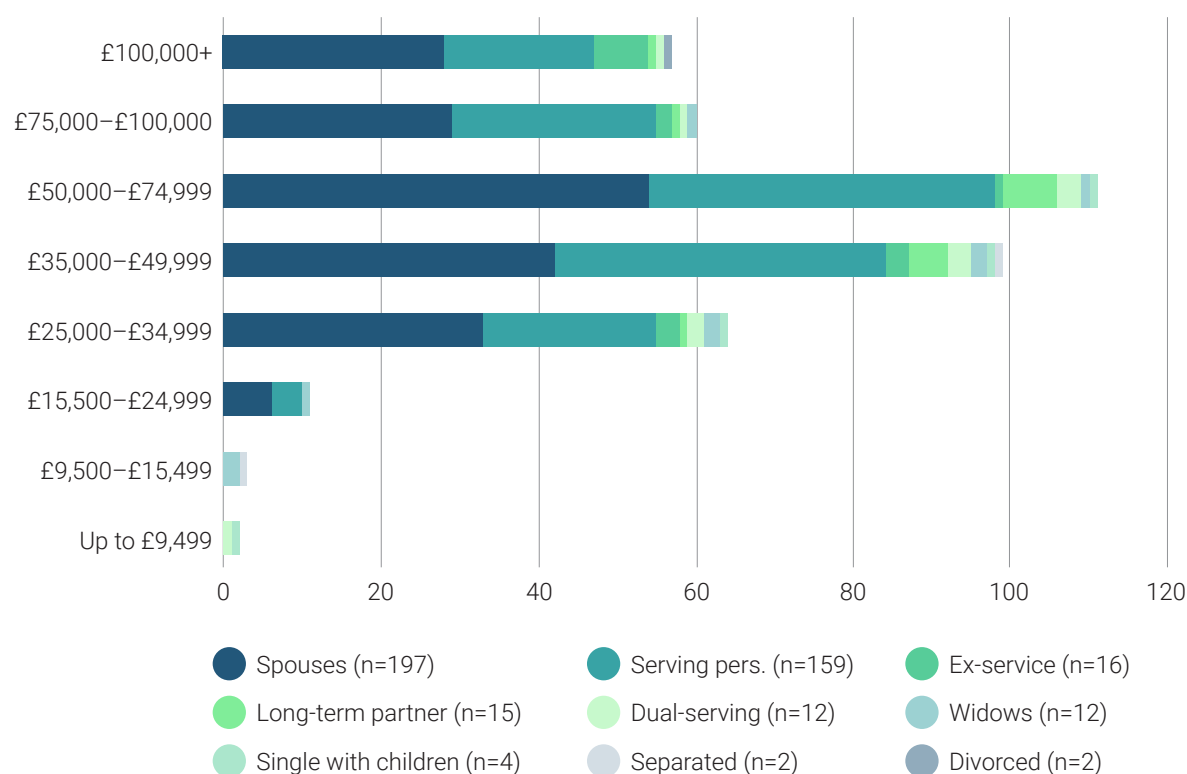
As described in Chapter 2, the study survey asked several questions exploring UK military families' perceived levels of financial stability or experiences of financial instability. Firstly, we asked respondents about their household's combined yearly income (i.e. combined salaries before tax and National Insurance are taken off, excluding non-taxable allowances). Secondly, we asked respondents how strongly they agreed or disagreed with a series of statements focused on their perceived income and financial-resource stability and adequacy and their perceived financial resilience as a function of capacity and resources to recover from financial shocks. Respondents could also add free-form comments regarding their perceived financial well-being. Lastly, we asked respondents how they felt their financial stability has changed since the beginning of the COVID-19 pandemic in the UK in January 2020.

The remainder of this section discusses cross-cutting findings from the survey on the first two questions (household income and perceptions of financial stability). Section 3.2 explores demographic and other potential indicators of financial stability, and Section 3.3 addresses trends identified relative to the COVID-19 pandemic. Insights from the survey and interviews are integrated throughout the three sections.

3.1.1. The perceived value of income

Looking at respondents' combined household income levels, Figure 3.1. shows reported combined household income levels across respondent categories. We report the values by the number of respondents in each category. The values indicate that the largest categories of spouses, civil partners of Serving or ex-Service personnel and Serving personnel reported an income of approximately £50,000–£74,999. However, the small number of respondents in other categories limits the utility of other insights on the reported income levels. Many ex-Service personnel reported relatively high incomes (£100,000+) compared to other respondent categories. However, only a small number of respondents (n=16) identified as ex-Service personnel, and the sample included a high proportion of respondents with university degrees.

Figure 3.1 Income levels across respondent cohorts



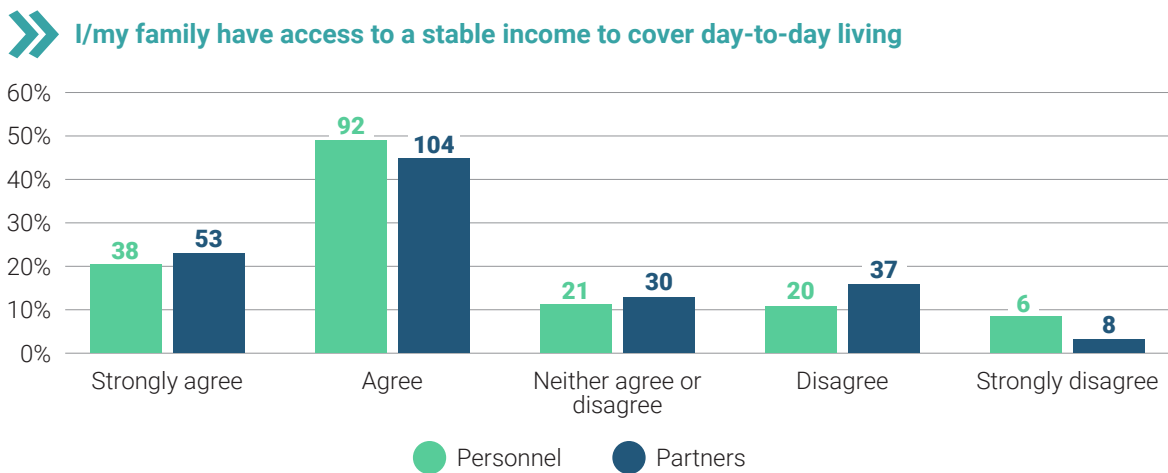
Source: RAND Europe analysis of survey data.

The survey included two further questions to assess respondents' perceptions of income as a function of financial stability, asking respondents how much they agreed or disagreed with the following statements:

- I/my family have access to a stable income (e.g. salary/benefits/allowances) to cover day-to-day living.
- I/my family have access to an adequate income (e.g. salary/benefits/allowances) to cover day-to-day living.

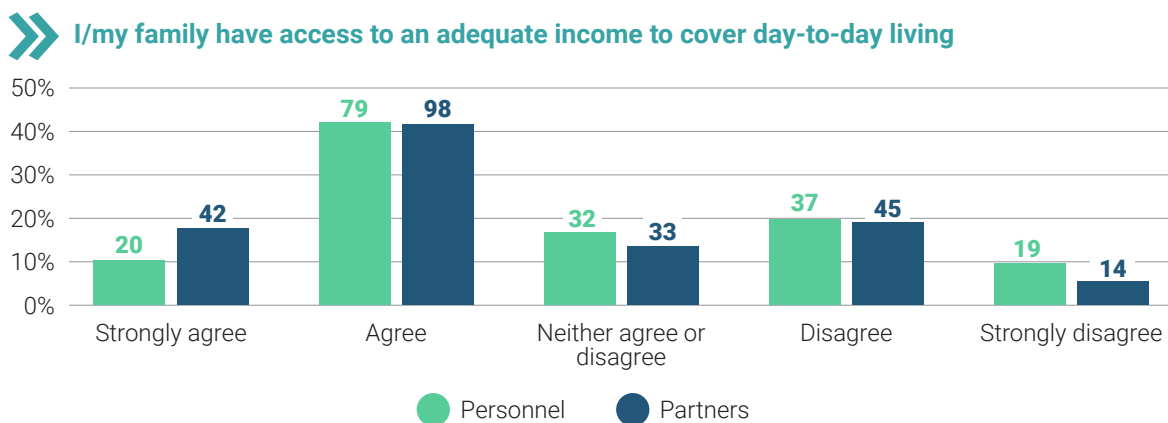
As Figure 3.2 and Figure 3.3 show below, partners of Serving or ex-Service personnel generally perceived their household incomes as relatively stable and adequate, with over 67 per cent of partners and spouses agreeing or strongly agreeing that their incomes were stable. Perceptions of income adequacy were slightly less positive, with fewer partners and spouses agreeing that their family's income was adequate and a higher proportion either disagreeing or strongly disagreeing. However, the majority (60.3 per cent) of partners agreed or strongly agreed that their incomes were adequate, and over 68 per cent of personnel agreed or strongly agreed that their household incomes were stable. Perceptions of income adequacy were less positive than income stability, but the majority (52.9 per cent) of respondents still had positive or very positive perceptions of this measure of financial stability. Excepting widows of ex-Serving personnel, divorced spouses and single parents with children), similar trends were evident among other participant categories, with respondents generally less positive about their income's adequacy than its stability.

Figure 3.2 Perceptions of income stability for covering day-to-day living



Source: RAND Europe analysis of survey data.

Figure 3.3 Perceptions of income adequacy for covering day-to-day living



Source: RAND Europe analysis of survey data.

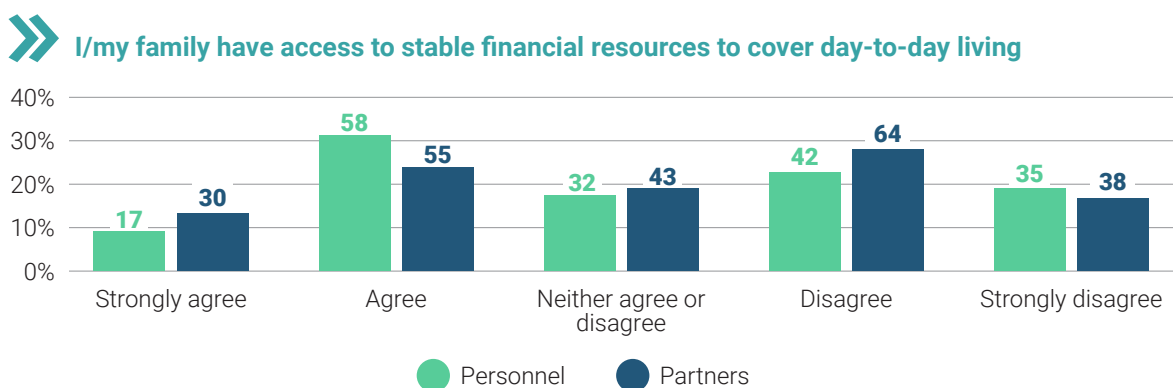
3.1.2. Perceptions of financial resources

Alongside respondents' perceptions of income, the survey asked respondents how much they agreed or disagreed that their financial resources (e.g. cash/savings/bank deposits/stocks and bonds on the stock market) were sufficiently stable and adequate to cover day-to-day living. Partners of Serving or ex-Service personnel had mixed perceptions of their financial resources' adequacy and stability. A larger proportion of respondents identifying as military partners disagreed or strongly disagreed that their financial resources were stable (44.0 per cent) than agreed or strongly agreed (36.4 per cent). Similarly, 44.4 per cent of partners disagreed or strongly disagreed that their financial resources were adequate, with only 38.36 per cent agreeing or strongly agreeing.

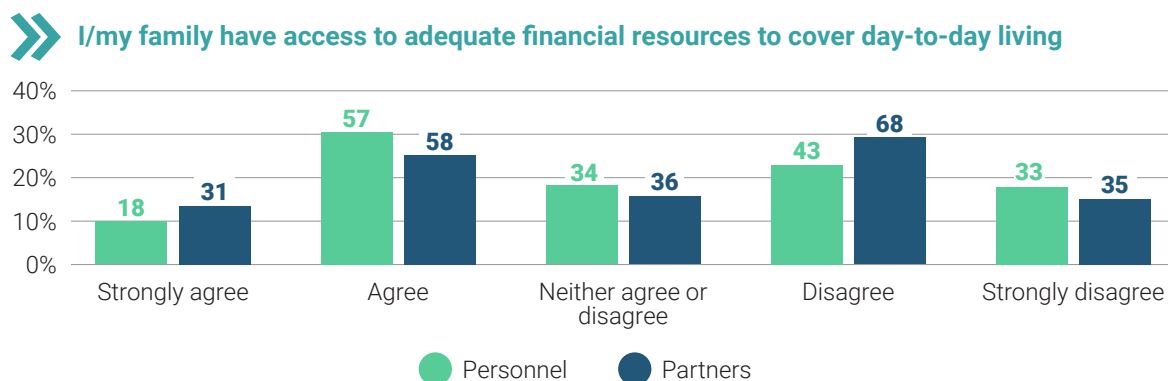
The Service personnel data shows approximately equal proportions of respondents agreeing and disagreeing that their financial resources were stable. Overall, 40.1 per cent of personnel either agreed or strongly agreed that their financial resources were stable, while 41.2 per cent disagreed or strongly disagreed. Personnel also appeared more likely to agree that their financial resources were stable and adequate than the partner population, with 40.1 per cent agreeing or strongly agreeing that their financial resources were stable compared to 36.4 per cent of partners.

In contrast to their income perceptions, respondents were less positive about the adequacy and stability of their financial resources. Combined with qualitative comments made by survey respondents (discussed below), this finding may indicate that military families draw on savings and other sources of financial stability to supplement their income and secure their financial well-being. While personnel and their partners may perceive their incomes as stable and adequate, other financial well-being sources are important to consider when assessing what families need to cover day-to-day living.

Figure 3.4 Perceptions of financial-resource sufficiency



Source: RAND Europe analysis of survey data.

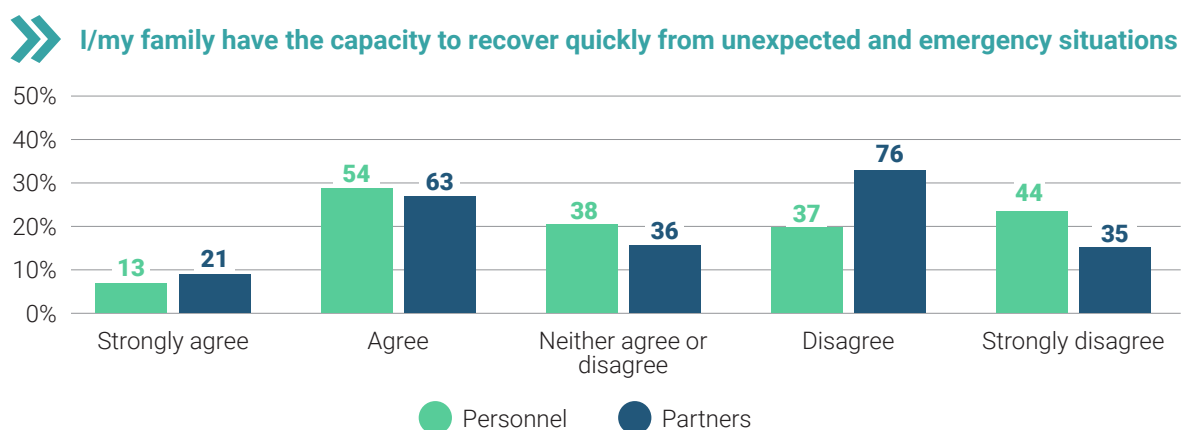
Figure 3.5 Perceptions of financial-resource adequacy

Source: RAND Europe analysis of survey data.

3.1.3. Perceptions of the ability to recover from financial shocks

We asked survey respondents about their ability to recover quickly from unexpected setbacks as an indicator of perceived financial resilience, with examples including an economic crisis, employment loss or property damage. The survey asked about perceived recovery capacity (e.g. knowledge, skills, motivation and access to financial services, family or relationship networks) and perceived resources (e.g. cash, savings, bank deposits and stocks/bonds on the stock market) to recover from such events. Figure 3.6 and Figure 3.7 (below) illustrate the survey findings for these questions.

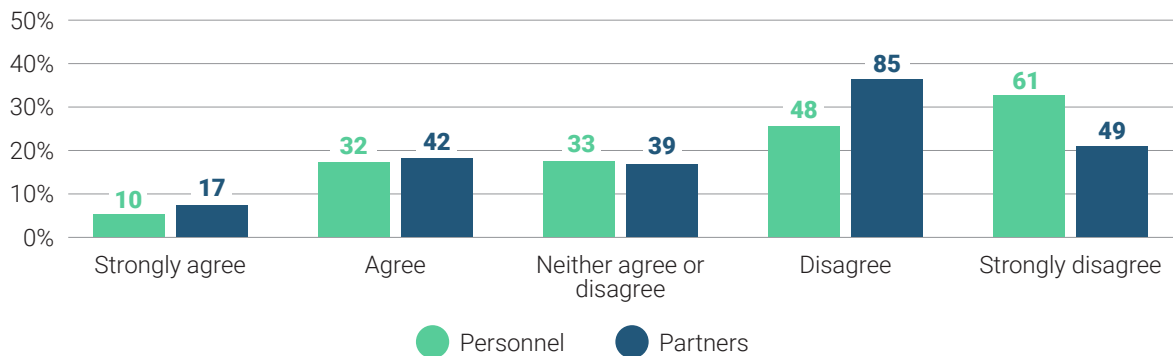
Across the three sets of questions focused on perceptions of financial stability, respondents generally doubted their ability to recover from financial shocks. Among the partner population, nearly 47.8 per cent of respondents disagreed or strongly disagreed that they could recover from such events, and 57.8 per cent disagreed or strongly disagreed that they had sufficient resources to recover. The personnel population expressed similar views, with 43.3 per cent disagreeing or strongly disagreeing that they had sufficient capacity and 58.3 per cent disagreeing or strongly disagreeing that they had sufficient resources to recover from financial shocks.

Figure 3.6 Perceptions of the capacity to recover from financial shocks

Source: RAND Europe analysis of survey data.

Figure 3.7 Perceptions of resource adequacy for recovering from financial shocks

» **I/my family have the resources to recover quickly from unexpected and emergency situations**



Source: RAND Europe analysis of survey data.

3.2. Further indicators of military spouses' and personnel's financial stability

This section explores additional indicators of financial stability queried in the survey questionnaire, including partner's employment, housing and potential financial stability variations by key demographic indicators, notably ethnicity and age. These indicators derive from existing literature insights suggesting their role in driving variations in financial stability levels.

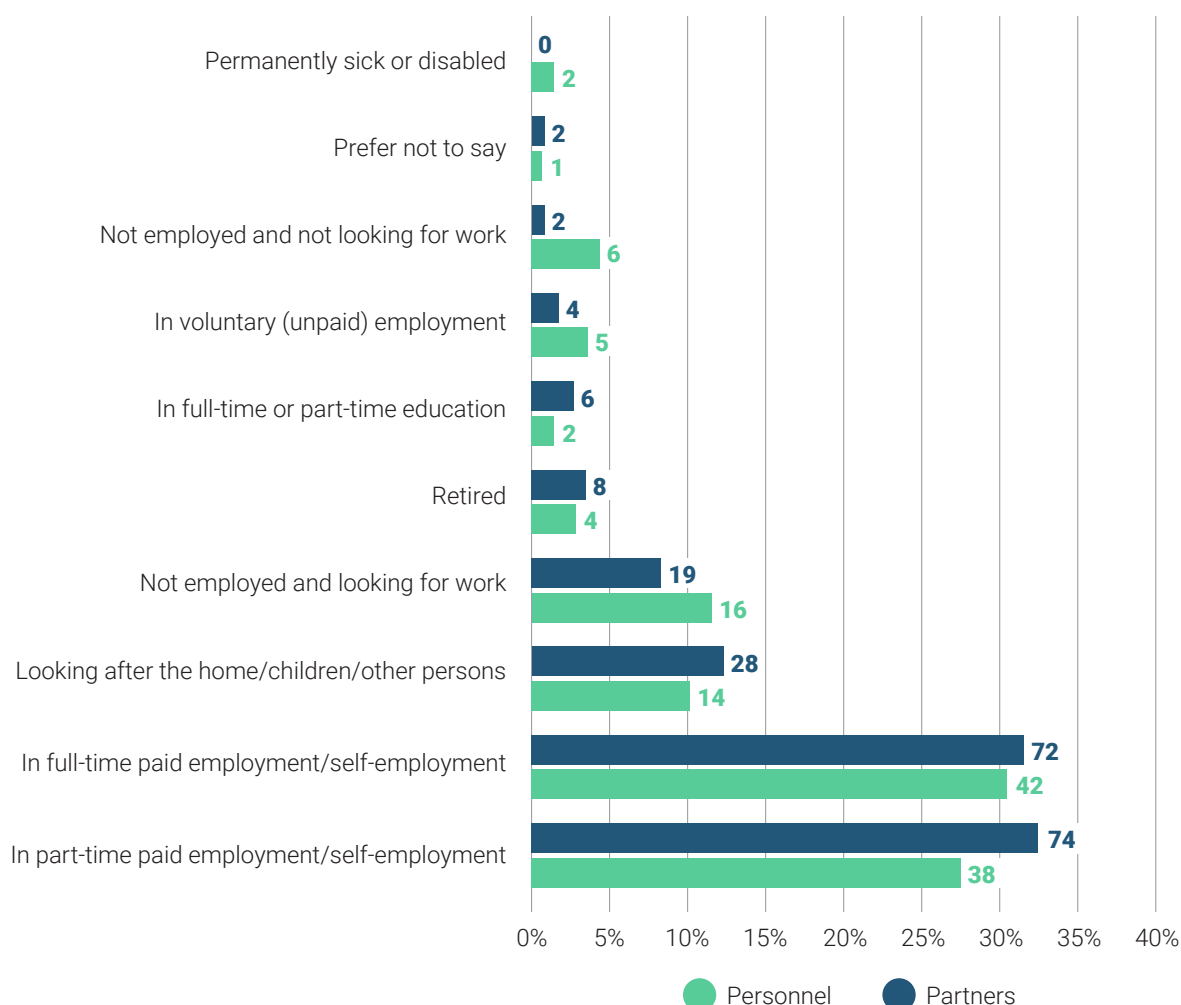
The first likely significant indicator of a family's financial stability is whether it is dual-earning or relies on a single income. Therefore, the survey collected data on the employment status of Serving and ex-Service personnel's partners and views on how Service life impacted partners' employment situation. Section 4.3 reports the survey findings on the key factors impacting partner employment.

We asked survey respondents who identified as partners to describe their employment status while also asking personnel respondents to describe their partners' employment status. Figure 3.8 (below) compares their responses. The results indicate that the majority (64.0 per cent) of partner respondents reported being in part-time or full-time employment – slightly higher than the 58.0 per cent of personnel respondents reporting their partners were in part-time or full-time employment. These numbers do not include employment in the Armed Forces. Overall, 8.33 per cent of partners indicated being unemployed and looking for work, with 11.59 per cent of personnel reporting that their partner was unemployed and seeking work. A small minority of partners (0.88 per cent) reported being unemployed and *not* looking for work, with 4.35 per cent of personnel reporting their partner was unemployed and not seeking work.

These partner employment results are below the latest data from the Families Continuous Attitudes Survey (FAMCAS) that suggested 72 per cent of partners are in full-time or part-time employment (excluding dual-serving partners).³⁸ Of these, 25 per cent are reportedly in part-time

employment, compared to an average of 30.0 per cent of partners in our survey. Although FAMCAS data does not fully represent the partner population, it indicates that our survey sample may have included disproportionately less partner employment, which is likely mirrored in reported perceptions of financial stability.

Figure 3.8 Reported partner-employment status



Source: RAND Europe analysis of survey data.

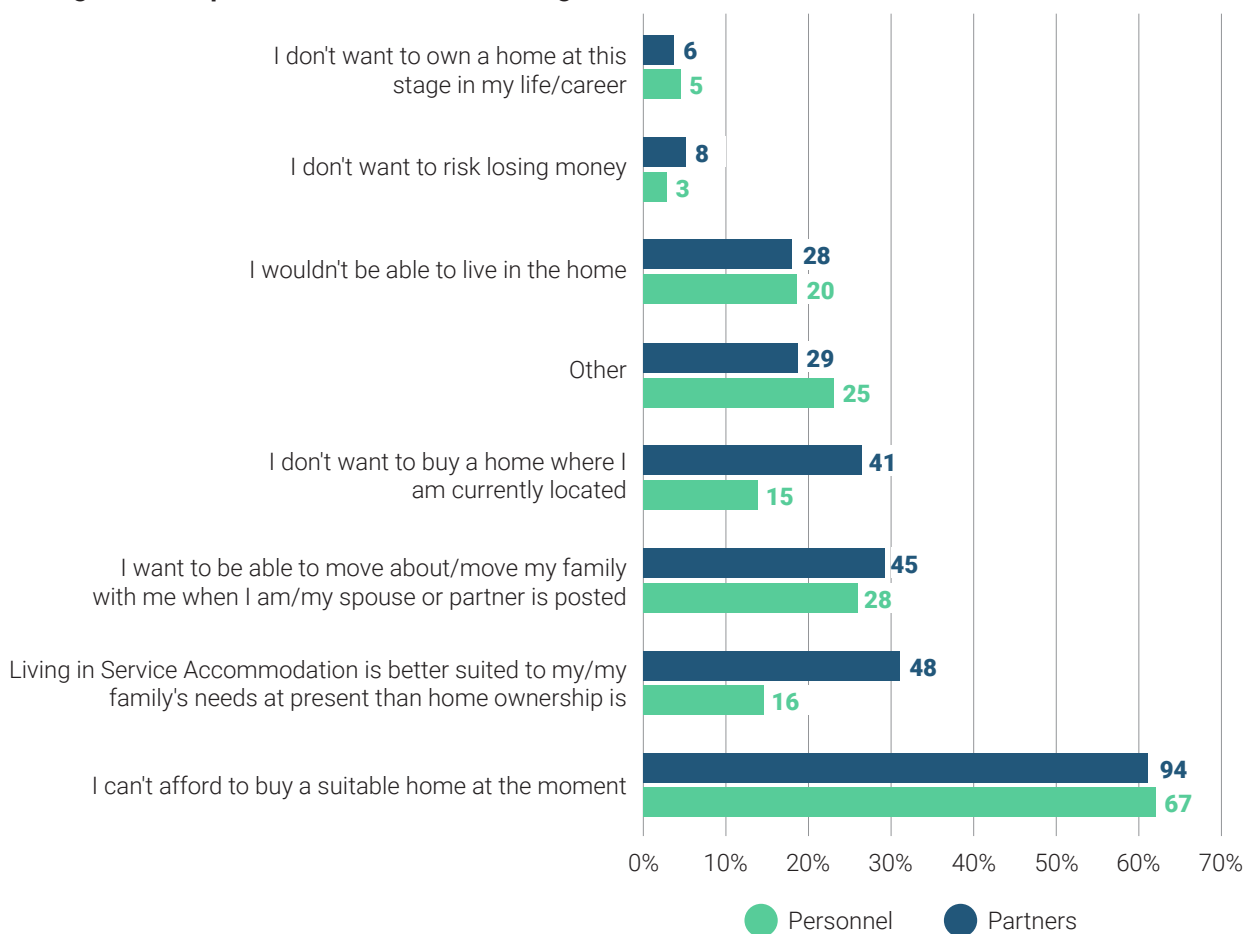
Homeownership is a second possible indicator of financial stability. Alongside mapping respondents' housing situations, the survey collected insights on potential reasons underpinning homeownership decisions. Specifically, the survey asked respondents who did not own homes to indicate why.

The survey results showed that most respondents across the personnel and partner populations (61.5 per cent and 69.8 per cent, respectively) lived in Service Family Accommodation (SFA) or another form of subsidised Service housing. A smaller proportion (25.7 per cent of personnel and

15.5 per cent of partners) indicated they owned a property with a mortgage, while 8.0 of personnel and 8.2 per cent of partners indicated they owned a property without a mortgage.

We asked personnel indicating they did not own a home to select from a longlist of factors to indicate why. Figure 3.9 (below) shows responses across the partner and personnel populations, showing that unaffordability was the leading reason for not owning a home for both groups. The suitability of Service accommodation was the second leading reason among partners, whereas the need to remain mobile was the second-most frequent explanation among personnel. These findings suggest that survey respondents may perceive themselves as lacking sufficient financial resources to buy a home.

Figure 3.9 Reported reasons for not owning a home



Source: RAND Europe analysis of survey data.

Noting the small survey sample, the research team wanted to examine how reported financial stability levels might differ across different respondent categories, e.g. age and ethnicity. The majority of respondents were aged between 25 and 55. Few responses were received from personnel/partners aged 18–24 or respondents aged 55+, limiting the research team’s ability to conclude on trends across these categories. However, respondents aged 35–44 and 45–55 were more likely to agree that they were financially stable than those aged 25–34. Of the three age groups, respondents aged 45–54 were most likely to agree that their financial resources and resilience were stable and adequate, while those aged 25–34 were least likely. The youngest personnel category (18–24 years) reported more negative perceptions of their financial resources’ stability and adequacy, although perceptions of their income were more balanced.

Figure 3.10 Cross-tabulation of respondent categories, age groups and perceptions of financial stability

		<i>I/my family have access to a stable income (e.g., salary) to cover day-to-day living.</i>							
	N	Strongly agree		Agree		Neither agree nor		Disagree	
Partners									
18-24	7	1	14.29%	3	42.86%	0	0.00%	0	0.00%
25-34	75	13	17.33%	29	38.67%	9	12.00%	0	0.00%
35-44	93	19	20.43%	43	46.24%	14	15.05%	12	12.90%
45-54	48	16	33.33%	23	47.92%	2	4.17%	3	6.25%
55-64	13	3	23.08%	4	30.77%	2	15.38%	1	7.69%
65-74	7	1	14.29%	1	14.29%	1	14.29%	1	14.29%
75+	2	0	0.00%	0	0.00%	1	50.00%	0	0.00%
Personnel									
18-24	5	0	0.00%	2	40.00%	1	20.00%	0	0.00%
25-34	60	8	13.33%	23	38.33%	9	15.00%	10	16.67%
35-44	71	16	22.54%	40	56.34%	4	5.63%	8	11.27%
45-54	32	8	25.00%	17	53.13%	4	12.50%	2	6.25%
55-64	11	5	45.45%	5	45.45%	1	9.09%	0	0.00%
65-74	3	1	33.33%	1	33.33%	1	33.33%	0	0.00%
75+	3	0	0.00%	2	66.67%	1	33.33%	0	0.00%

		<i>I/my family have access to an adequate income to cover day-to-day living.</i>							
	N	Strongly agree		Agree		Neither agree nor		Disagree	
Partners									
18-24	7	0	0.00%	2	28.57%	1	14.29%	2	28.57%
25-34	75	8	10.67%	28	37.33%	11	14.67%	21	28.00%
35-44	93	19	20.43%	38	40.86%	12	12.90%	15	16.13%
45-54	48	11	22.92%	24	50.00%	4	8.33%	5	10.42%
55-64	13	3	23.08%	4	30.77%	2	15.38%	1	7.69%
65-74	7	1	14.29%	1	14.29%	1	14.29%	1	14.29%
75+	2	0	0.00%	1	50.00%	1	50.00%	0	0.00%
Personnel									
18-24	5	0	0.00%	2	40.00%	1	20.00%	1	20.00%
25-34	60	3	5.00%	19	31.67%	11	18.33%	17	28.33%
35-44	71	4	5.63%	36	50.70%	11	15.49%	14	19.72%
45-54	32	7	21.88%	12	37.50%	6	18.75%	5	15.63%
55-64	11	5	45.45%	5	45.45%	1	9.09%	0	0.00%
65-74	3	1	33.33%	1	33.33%	1	33.33%	0	0.00%
75+	3	0	0.00%	2	66.67%	1	33.33%	0	0.00%

		<i>I/my family have access to stable financial resources to cover day-to-day living.</i>					
	N	Strongly agree	Agree	Neither agree nor	Disagree	Strongly disagree	
Partners	18-24	7	0 0.00%	2 28.57%	2 28.57%	2 28.57%	0 0.00%
	25-34	75	5 6.67%	15 20.00%	12 16.00%	23 30.67%	18 24.00%
	35-44	93	13 13.98%	21 22.58%	18 19.35%	26 27.96%	10 10.75%
	45-54	48	9 18.75%	13 27.08%	5 10.42%	10 20.83%	8 16.67%
	55-64	13	2 15.38%	3 23.08%	4 30.77%	1 7.69%	1 7.69%
	65-74	7	1 14.29%	1 14.29%	0 0.00%	2 28.57%	0 0.00%
	75+	2	0 0.00%	0 0.00%	1 50.00%	0 0.00%	1 50.00%
Personnel	18-24	5	0 0.00%	1 20.00%	0 0.00%	2 40.00%	2 40.00%
	25-34	60	2 3.33%	13 21.67%	10 16.67%	18 30.00%	16 26.67%
	35-44	71	3 4.23%	22 30.99%	14 19.72%	17 23.94%	13 18.31%
	45-54	32	6 18.75%	14 43.75%	5 15.63%	3 9.38%	4 12.50%
	55-64	11	5 45.45%	3 27.27%	1 9.09%	2 18.18%	0 0.00%
	65-74	3	1 33.33%	1 33.33%	1 33.33%	0 0.00%	0 0.00%
	75+	3	0 0.00%	2 66.67%	1 33.33%	0 0.00%	0 0.00%

		<i>I/my family have access to adequate financial resources to cover day-to-day living.</i>					
	N	Strongly agree	Agree	Neither agree nor	Disagree	Strongly disagree	
Partners	18-24	7	0 0.00%	1 14.29%	2 28.57%	2 28.57%	1 14.29%
	25-34	75	5 6.67%	15 20.00%	9 12.00%	27 36.00%	15 20.00%
	35-44	93	14 15.05%	23 24.73%	16 17.20%	26 27.96%	9 9.68%
	45-54	48	9 18.75%	15 31.25%	4 8.33%	9 18.75%	8 16.67%
	55-64	13	2 15.38%	3 23.08%	3 23.08%	2 15.38%	1 7.69%
	65-74	7	1 14.29%	1 14.29%	0 0.00%	2 28.57%	0 0.00%
	75+	2	0 0.00%	0 0.00%	1 50.00%	0 0.00%	1 50.00%
Personnel	18-24	5	0 0.00%	0 0.00%	1 20.00%	3 60.00%	1 20.00%
	25-34	60	2 3.33%	14 23.33%	10 16.67%	18 30.00%	15 25.00%
	35-44	71	3 4.23%	23 32.39%	14 19.72%	16 22.54%	14 19.72%
	45-54	32	7 21.88%	13 40.63%	5 15.63%	4 12.50%	3 9.38%
	55-64	11	5 45.45%	2 18.18%	2 18.18%	2 18.18%	0 0.00%
	65-74	3	1 33.33%	1 33.33%	1 33.33%	0 0.00%	0 0.00%
	75+	3	0 0.00%	2 66.67%	1 33.33%	0 0.00%	0 0.00%

		<i>I/my family have the capacity to recover quickly from unexpected and emergency situations.</i>					
	N	Strongly agree	Agree	Neither agree nor	Disagree	Strongly disagree	
Partners	18-24	7	0 0.00%	0 0.00%	2 28.57%	2 28.57%	2 28.57%
	25-34	75	4 5.33%	15 20.00%	15 20.00%	30 40.00%	9 12.00%
	35-44	93	9 9.68%	29 31.18%	11 11.83%	26 27.96%	14 15.05%
	45-54	48	5 10.42%	14 29.17%	5 10.42%	14 29.17%	7 14.58%
	55-64	13	2 15.38%	3 23.08%	2 15.38%	2 15.38%	2 15.38%
	65-74	7	1 14.29%	1 14.29%	0 0.00%	2 28.57%	0 0.00%
	75+	2	0 0.00%	1 50.00%	0 0.00%	0 0.00%	1 50.00%
Personnel	18-24	5	0 0.00%	1 20.00%	0 0.00%	2 40.00%	2 40.00%
	25-34	60	2 3.33%	13 21.67%	12 20.00%	15 25.00%	17 28.33%
	35-44	71	3 4.23%	20 28.17%	16 22.54%	13 18.31%	19 26.76%
	45-54	32	4 12.50%	14 43.75%	5 15.63%	3 9.38%	6 18.75%
	55-64	11	3 27.27%	3 27.27%	2 18.18%	3 27.27%	0 0.00%
	65-74	3	1 33.33%	0 0.00%	1 33.33%	1 33.33%	0 0.00%
	75+	3	0 0.00%	1 33.33%	2 66.67%	0 0.00%	0 0.00%

		<i>I/my family have the resources to recover quickly from unexpected and emergency situations.</i>					
		Strongly agree		Agree		Neither agree nor disagree	
		Disagree		Strongly disagree			
		N					
Partners	18-24	7	0 0.00%	1 14.29%	2 28.57%	2 28.57%	1 14.29%
	25-34	75	4 5.33%	8 10.67%	14 18.67%	28 37.33%	19 25.33%
	35-44	93	7 7.53%	19 20.43%	11 11.83%	34 36.56%	19 20.43%
	45-54	48	4 8.33%	8 16.67%	9 18.75%	16 33.33%	8 16.67%
	55-64	13	1 7.69%	4 30.77%	2 15.38%	3 23.08%	1 7.69%
	65-74	7	1 14.29%	1 14.29%	0 0.00%	2 28.57%	0 0.00%
	75+	2	0 0.00%	1 50.00%	0 0.00%	0 0.00%	1 50.00%
Personnel	18-24	5	0 0.00%	0 0.00%	0 0.00%	3 60.00%	2 40.00%
	25-34	60	1 1.67%	7 11.67%	6 10.00%	19 31.67%	25 41.67%
	35-44	71	1 1.41%	11 15.49%	16 22.54%	18 25.35%	24 33.80%
	45-54	32	4 12.50%	9 28.13%	5 15.63%	4 12.50%	10 31.25%
	55-64	11	3 27.27%	2 18.18%	3 27.27%	3 27.27%	0 0.00%
	65-74	3	1 33.33%	0 0.00%	1 33.33%	1 33.33%	0 0.00%
	75+	3	0 0.00%	1 33.33%	2 66.67%	0 0.00%	0 0.00%

Source: RAND Europe analysis of survey data.

Figure 3.11 (below) shows a series of cross-tabulations, mapping personnel and partners' reported perceptions of financial stability across different ethnicities. The survey included only a small number of responses from personnel and partners who reported being Asian/Asian British, Black/African/Caribbean Mixed ethnicity or another ethnicity, limiting our ability to draw firm conclusions from the cross-tabulation. However, respondents who reported being Asian/Asian British, Black/African/Caribbean Mixed ethnicity, or another ethnicity were consistently more likely to disagree or strongly disagree with having stable or adequate incomes and financial resources than respondents who identified as White. As such, the survey results reflect existing research findings suggesting that ethnic minority populations are at greater risk of financial instability in economic crises,³⁹ as ethnic minority respondents perceived their financial stability more negatively than those identifying as White.

Figure 3.11 Cross-tabulation of respondent categories, ethnicity and perceived financial stability

		<i>I/my family have access to a stable income (e.g., salary) to cover day-to-day living.</i>					
		Strongly agree		Agree		Neither agree nor disagree	
		Disagree		Strongly disagree			
		N					
Partners	Asian/Asian British	11	0 0.00%	3 27.27%	2 18.18%	5 45.45%	0 0.00%
	Black/African/Caribbean	2	0 0.00%	0 0.00%	1 50.00%	1 50.00%	0 0.00%
	Mixed ethnicity	4	1 25.00%	0 0.00%	0 0.00%	2 50.00%	1 25.00%
	Other	4	0 0.00%	1 25.00%	1 25.00%	2 50.00%	0 0.00%
	White	220	52 23.64%	100 45.45%	24 10.91%	25 11.36%	7 3.18%
Personnel	Asian/Asian British	9	1 11.11%	5 55.56%	2 22.22%	0 0.00%	1 11.11%
	Black/African/Caribbean	9	1 11.11%	1 11.11%	0 0.00%	5 55.56%	1 11.11%
	Mixed ethnicity	2	0 0.00%	1 50.00%	0 0.00%	0 0.00%	1 50.00%
	Other	1	0 0.00%	1 100.00%	0 0.00%	0 0.00%	0 0.00%
	White	161	36 22.36%	82 50.93%	17 10.56%	14 8.70%	12 7.45%

39 Morrow (2008) in Salignac et al. (2019) and Parkes & Round (2020).

		N	I/my family have access to an adequate income to cover day-to-day living.									
			Strongly agree		Agree		Neither agree nor disagree		Disagree		Strongly disagree	
Partners	Asian/Asian British	11	0	0.00%	4	36.36%	2	18.18%	4	36.36%	0	0.00%
	Black/African/Caribbean	2	0	0.00%	0	0.00%	0	0.00%	2	100.00%	0	0.00%
	Mixed ethnicity	4	0	0.00%	2	50.00%	1	25.00%	1	25.00%	0	0.00%
	Other	4	0	0.00%	2	50.00%	1	25.00%	1	25.00%	0	0.00%
	White	220	42	19.09%	90	40.91%	27	12.27%	36	16.36%	13	5.91%
Personnel	Asian/Asian British	9	0	0.00%	4	44.44%	3	33.33%	1	11.11%	1	11.11%
	Black/African/Caribbean	9	1	11.11%	2	22.22%	0	0.00%	3	33.33%	3	33.33%
	Mixed ethnicity	2	0	0.00%	0	0.00%	1	50.00%	0	0.00%	1	50.00%
	Other	1	0	0.00%	0	0.00%	0	0.00%	1	100.00%	0	0.00%
	White	161	19	11.80%	69	42.86%	27	16.77%	32	19.88%	14	8.70%

		N	I/my family have access to stable financial resources to cover day-to-day living.									
			Strongly agree		Agree		Neither agree nor disagree		Disagree		Strongly disagree	
Partners	Asian/Asian British	11	0	0.00%	1	9.09%	0	0.00%	7	63.64%	2	18.18%
	Black/African/Caribbean	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	2	100.00%
	Mixed ethnicity	4	0	0.00%	0	0.00%	0	0.00%	3	75.00%	1	25.00%
	Other	4	0	0.00%	2	50.00%	0	0.00%	2	50.00%	0	0.00%
	White	220	30	13.64%	52	23.64%	41	18.64%	51	23.18%	32	14.55%
Personnel	Asian/Asian British	9	1	11.11%	3	33.33%	1	11.11%	3	33.33%	2	22.22%
	Black/African/Caribbean	9	1	11.11%	0	0.00%	0	0.00%	5	55.56%	3	33.33%
	Mixed ethnicity	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	2	100.00%
	Other	1	0	0.00%	0	0.00%	0	0.00%	1	100.00%	0	0.00%
	White	161	16	9.94%	52	32.30%	29	18.01%	33	20.50%	28	17.39%

		N	I/my family have access to adequate financial resources to cover day-to-day living.									
			Strongly agree		Agree		Neither agree nor disagree		Disagree		Strongly disagree	
Partners	Asian/Asian British	11	0	0.00%	1	9.09%	0	0.00%	7	63.64%	1	9.09%
	Black/African/Caribbean	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	2	100.00%
	Mixed ethnicity	4	0	0.00%	1	25.00%	0	0.00%	3	75.00%	0	0.00%
	Other	4	0	0.00%	3	75.00%	0	0.00%	1	25.00%	0	0.00%
	White	220	31	14.09%	53	24.09%	34	15.45%	56	25.45%	31	14.09%
Personnel	Asian/Asian British	9	0	0.00%	2	22.22%	2	22.22%	4	44.44%	1	11.11%
	Black/African/Caribbean	9	1	11.11%	2	22.22%	0	0.00%	2	22.22%	4	44.44%
	Mixed ethnicity	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	2	100.00%
	Other	1	0	0.00%	0	0.00%	0	0.00%	1	100.00%	0	0.00%
	White	161	17	10.56%	49	30.43%	31	19.25%	36	22.36%	26	16.15%

		N	I/my family have the capacity to recover quickly from unexpected and emergency situations.									
			Strongly agree		Agree		Neither agree nor disagree		Disagree		Strongly disagree	
Partners	Asian/Asian British	11	0	0.00%	2	18.18%	2	18.18%	4	36.36%	2	18.18%
	Black/African/Caribbean	2	0	0.00%	1	50.00%	0	0.00%	0	0.00%	1	50.00%
	Mixed ethnicity	4	0	0.00%	1	25.00%	0	0.00%	2	50.00%	1	25.00%
	Other	4	0	0.00%	0	0.00%	2	50.00%	2	50.00%	0	0.00%
	White	220	21	9.55%	58	26.36%	31	14.09%	67	30.45%	30	13.64%
Personnel	Asian/Asian British	9	0	0.00%	2	22.22%	3	33.33%	2	22.22%	2	22.22%
	Black/African/Caribbean	9	1	11.11%	1	11.11%	2	22.22%	2	22.22%	2	22.22%
	Mixed ethnicity	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	2	100.00%
	Other	1		0.00%		0.00%	1	100.00%	0	0.00%	0	0.00%
	White	161	12	7.45%	47	29.19%	31	19.25%	33	20.50%	37	22.98%

		N	I/my family have the resources to recover quickly from unexpected and emergency situations.									
			Strongly agree		Agree		Neither agree nor disagree		Disagree		Strongly disagree	
Partners	Asian/Asian British	11	0	0.00%	0	0.00%	2	18.18%	4	36.36%	4	36.36%
	Black/African/Caribbean	2	0	0.00%	0	0.00%	0	0.00%	1	50.00%	1	50.00%
	Mixed ethnicity	4	0	0.00%	0	0.00%	0	0.00%	3	75.00%	1	25.00%
	Other	4	0	0.00%	0	0.00%	1	25.00%	3	75.00%	0	0.00%
	White	220	17	7.73%	42	19.09%	35	15.91%	72	32.73%	42	19.09%
Personnel	Asian/Asian British	9	0	0.00%	1	11.11%	1	11.11%	4	44.44%	3	33.33%
	Black/African/Caribbean	9	1	11.11%	0	0.00%	0	0.00%	4	44.44%	4	44.44%
	Mixed ethnicity	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	2	100.00%
	Other	1	0	0.00%	0	0.00%	0	0.00%	1	100.00%	0	0.00%
	White	161	9	5.59%	27	16.77%	31	19.25%	39	24.22%	52	32.30%

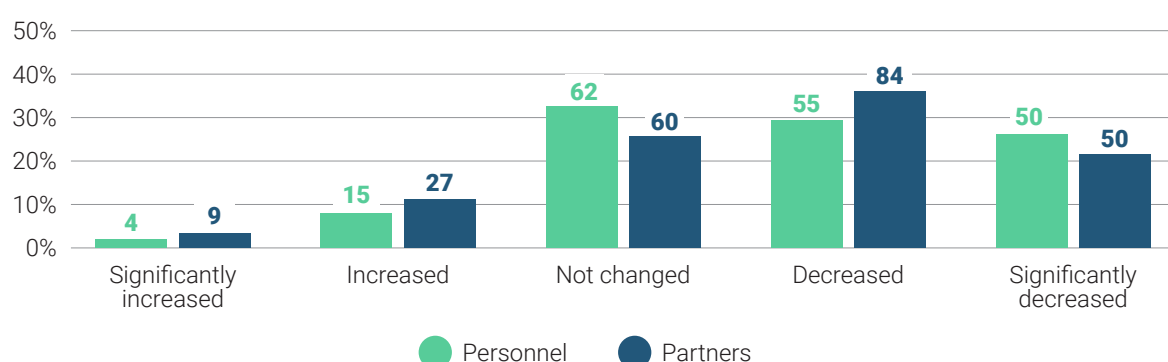
Source: RAND Europe analysis of survey data.

3.3. Changes in financial stability during the COVID-19 pandemic

Survey responses and stakeholder interviews revealed contrasting insights into COVID-19's impact on UK military families' financial stability. Figure 3.12 (below) provides a snapshot of survey respondents' overall views concerning changes in their financial stability since the beginning of the COVID-19 pandemic. It should be noted that we did not directly ask respondents how COVID-19 impacted their financial well-being, but rather how their financial stability has changed during the pandemic.

The survey results indicated that the personnel and partner populations both generally experienced a decrease or significant decrease in their financial stability since COVID-19's onset. Overall, 57.7 per cent of military partners and spouses indicated that their financial stability either decreased or significantly decreased, with over 56.2 per cent of the personnel population expressing similar views. A higher proportion of Armed Forces personnel (26.4 per cent) than military partners (21.6 per cent) reported that their financial stability *significantly* decreased.

Figure 3.12 Survey responses on changes in financial stability since COVID-19



Source: RAND Europe analysis of survey data.

Survey respondents identified various drivers of changes in financial stability since the start of COVID-19 in their written comments, with some but not all drivers directly linked to the pandemic.

We discuss these drivers – which both increased and decreased stability levels – below, with sample quotes from survey respondents:

- **Impacts of inflation and increasing cost-of-living:** Many survey respondents commented that the military Offer (including the allowance system) has not accounted for significant increases in the cost of living. Results indicated that the financial well-being of many military families in the UK's current cost-of-living crisis has decreased due to reduced real wages and exacerbating factors such as the poor quality of Service accommodation (leading to increased energy bills). The crisis has also exacerbated tensions between childcare provision and partner employment due to increasing childcare costs:

'The cost of everything has gone up yet we have yet again not received a pay rise and I now also no longer get a yearly increase in pay as I am at the top of my pay band. Childcare for a dual-serving couple (which is [different] to a non-dual-serving couple because of the [early] starts, late finishes and time away) is incredibly expensive. Almost one entire wage each month goes on this, and it will soon become untenable. It is also unpalatable particularly at a point when people in the forces feel undervalued.' (Dual-serving Service person, British Army senior officer [OF]).

'Energy bills and fuel increases have hit us hard. Now with a child under [two years of age], childcare costs to enable both of us to work are prohibitive and actually make no financial sense but my wife does not want to give up her job and nor should she (getting back to work if she takes a [one to three] year break would be difficult). But realistically childcare to allow my wife to work is more expensive than my wife's earnings.' (British Army junior Serving OF).

- **Change in personal circumstances leading to a higher cost of living:** Survey responses highlighted that the cost-of-living crisis might have unequal impacts across the military population, with some families carrying greater costs due to changes in personal circumstances within their military Service. These changes may include new posting or commuting requirements unmet by existing allowance schemes:

'Our new posting is in the middle of nowhere with poor public transport links and the nearest supermarket is a 20-minute drive away and with the cost of fuel and increased prices in everything at the moment it has significantly increased our fuel and shopping bills.' (Ex-Service spouse of a Serving RAF junior, other ranks [OR]).

- **Civilian job-market uncertainty and its impact on partner employment:** Though COVID-19's impact on the civilian economy may increase the relative value of military compensation, this trend also has negative implications for military families' financial stability via partner employment. Several respondents noted increased challenges in finding suitable employment due to the pandemic:

'We were posted in the middle of [COVID-19]. I finally have a very good job working in my field, but I know it won't last.' (Spouse, British Army Serving junior OR).

'[We were] posted abroad then came back during [COVID-19] and the industry had tightened its recruiting. I had been out of it too long to re-enter and had to choose a different career path which meant more money to be spent upskilling and then finding the work meant I had to commute to London with 2 young kids and no family nearby I didn't have access to childcare that allowed me to take the job. Nursery didn't open for full days, or they were full. I do work remotely now but it is not in the career I initially trained for.' (Spouse, British Army Serving senior OF).

Among respondents who reported that their financial stability increased or significantly increased since COVID-19 began, mentioned drivers included:

- **The ability to relocate to areas with a lower cost of living due to remote working:** Some respondents commented on the benefits of increased opportunities for remote working:
'Before the pandemic, I worked full time in London and had to pay a lot for renting a small bedroom in a lodging arrangement, plus tube + other expenses and general high cost of city living. When COVID hit, I moved home to my parents in North Yorkshire and was able to save 70-90 [per cent] of my salary each month. I met my [fiancé] (serving in army) during this period. When the pandemic began to ease and people returned to work, I didn't want to go back to London and the stressful lifestyle - I had made a life for myself back home with a really happy relationship and there was no chance I was moving back. I was very lucky to quickly find a new job with a considerable pay increase that allowed working from home and only having to spend 3 days a month in the London office.' (Long-term partner, British Army Serving junior OR).
- **The ability to secure or maintain employment during the pandemic:** Several respondents noted that their employment situations remained unchanged or improved during COVID-19. These comments underscored the significance of dual-earning for military families' financial stability:
'Both my husband and I were fortunate to obtain well paid jobs either during or before the Covid pandemic, which were not eventually [affected]. However, we did have one redundancy and one redundancy consultation to contend with.' (Spouse, ex-Service British Army senior OR).
'My [wife] has found employment, following a gap of 15 years of overseas tours, parental responsibility, UK unemployment. This has helped with our security a lot.' (Serving RAF senior OF).
- **Change in personal circumstances that positively affected financial well-being:** Some respondents noted that their financial circumstances improved via significant events such as inheritance or family 'downsizing', with children leaving home to live independently.

To identify any broader trends in the impact of COVID-19 on military families' financial stability, we asked interviewed stakeholders whether they thought COVID-19 had a particular impact on the military families' financial stability and which factors they thought were driving such impact. We identified three overarching themes from the interviews:

- **Cross-cutting impacts of the pandemic on the well-being of the Armed Forces Community:** Interviewees did not generally identify significant direct effects of COVID-19 on military families' financial stability and noted that the Serving and ex-Service populations exhibited resilience during the pandemic, both from a financial and broader well-being perspective.⁴⁰ Counter to the survey's findings, stakeholder interviewees noted that the pandemic provided opportunities for military families via furlough benefits,⁴¹ an uplift in Universal Credit,⁴² a ban

40 Research interviews: INT01 and INT15.

41 The furlough scheme ran between March 2020 and September 2021, providing that the government sponsor 60–80 per cent of wages for employees who could not work during the COVID-19 pandemic (e.g. employees of non-essential businesses mandated to close during the pandemic).

42 Universal Credit is a welfare benefit for those unemployed or on a low income. A temporary uplift of Universal Credit by £20 per week was implemented between March 2020 and September 2021. Evaluations of this uplift indicate that its impact on family finances varied substantially due to differences in claimants' circumstances (Waters & Wernham 2021).

on evictions,⁴³ a reduced need for work-related travel (i.e. reduced fuel costs), and decreased childcare costs due to increased home working.⁴⁴

- **The impact of COVID-19 on partner employment:** Interviewees noted employment challenges as well as opportunities that emerged during the pandemic for military partners.⁴⁵ The challenges mentioned related to the civilian labour market's general conditions and military partners losing their jobs.⁴⁶ Opportunities included the proliferation of remote working, which has or is expected to expand options for partner employment.⁴⁷ Though remote working opportunities might seem likely to increase the range of potential employment for military partners, one interviewee noted that this might not apply equally to the entire partner population, with partners posted overseas disadvantaged due to the effects of Brexit on military partners' right to work overseas.⁴⁸ One interviewee also highlighted the potential long-term consequences of COVID-19 on military partners' career development, as some partners may have spent long periods providing unpaid care, potentially impacting their long-term employment prospects.⁴⁹
- **Evolving secondary pandemic impacts through the cost-of-living crisis:** Several interviewees voiced concerns about the cost-of-living crisis characterising the current UK economic environment.⁵⁰ Interviewees noted that while military families are already feeling the impacts of the crisis due to Service pay not keeping pace with inflation and increasing energy and fuel prices not accounted for by allowances, more significant impacts are likely to be felt after winter 2023 when families may receive annual energy bills.⁵¹ Consequently, support needs from the Armed Forces, MOD and non-statutory service providers will likely increase in the short- and medium-term. Some factors, such as the poor quality of Service accommodation, are unlikely to be addressed in the short term, exacerbating the potential long-term impacts of cost-of-living increases on the military population.⁵² However, it is unclear to what extent the military population, including Serving and ex-Service personnel, may face a disproportionate need for support during the cost-of-living crisis compared to the civilian population.⁵³

43 The Coronavirus Act 2020 paused evictions between August 2020 and May 2021, establishing a minimum six-month period during that time for notices served to social and private tenants. This was followed by a mandatory four-month period between June 2021 and September 2021 and a two-month period from October 2021 for most renters.

44 Research interviews: INT04, INT03 and INT07.

45 Research interviews: INT01, INT02.

46 Research interviews: INT01, INT09.

47 Research interviews: INT02, INT03 and INT05.

48 Research interview: INT10.

49 Research interview: INT11.

50 Research interviews: INT06, INT07, INT09, INT12 and INT13.

51 Research interview: INT13.

52 Research interview: INT12.

53 Research interview: INT15.

3.4. Chapter summary



Survey respondents generally had a positive perception of their household incomes' stability. However, they were less likely to agree that their incomes were adequate than stable.



On average, respondents perceived their financial-resource stability and adequacy less positively. The personnel population were more likely to agree that their financial resources were stable and adequate than the partner population.



Across the three financial stability measures, respondents were least positive about their ability to recover from financial shocks. Close to half of partner respondents disagreed or strongly disagreed that they had the capacity to recover from financial shocks, with over half disagreeing or strongly disagreeing that they had sufficient resources to recover. Similar views were recorded among the personnel population.



There were some indications of trends in perceptions of financial stability based on demographic factors, notably age and ethnicity. Older age-group respondents appeared to feel more financially stable than younger ones. It was also evident within the survey sample that respondents who reported being Asian/Asian British, Black/African/Caribbean Mixed or other ethnicity were more likely to disagree or strongly disagree that they had stable or adequate incomes and financial resources than respondents identifying as White.



The survey results indicated that the personnel and partner populations both generally experienced a decrease in their financial stability since COVID-19's onset. Experiences of financial hardship were tied to inflation, rising living costs, changing personal circumstances leading to spending changes (e.g. overseas relocation during COVID-19), and greater perceived barriers to partner employment. Survey responses indicated that the ongoing cost-of-living crisis has further undermined families' ability to save or maintain their savings.



Some survey respondents also indicated that their financial stability improved during the pandemic. Such positive changes were associated with improved employment opportunities, reduced commute-based expenditure or positive changes in personal circumstances (e.g. inheritance).

Source: RAND Europe analysis of survey and interview data.

Chapter 4. Factors shaping the financial stability of UK military families

This chapter discusses the study's findings relative to the following RQs:

- RQ2: Which factors impact the financial stability of current and former Service personnel and partners?
- RQ3: How does military Service affect the financial stability of current and former personnel and partners?

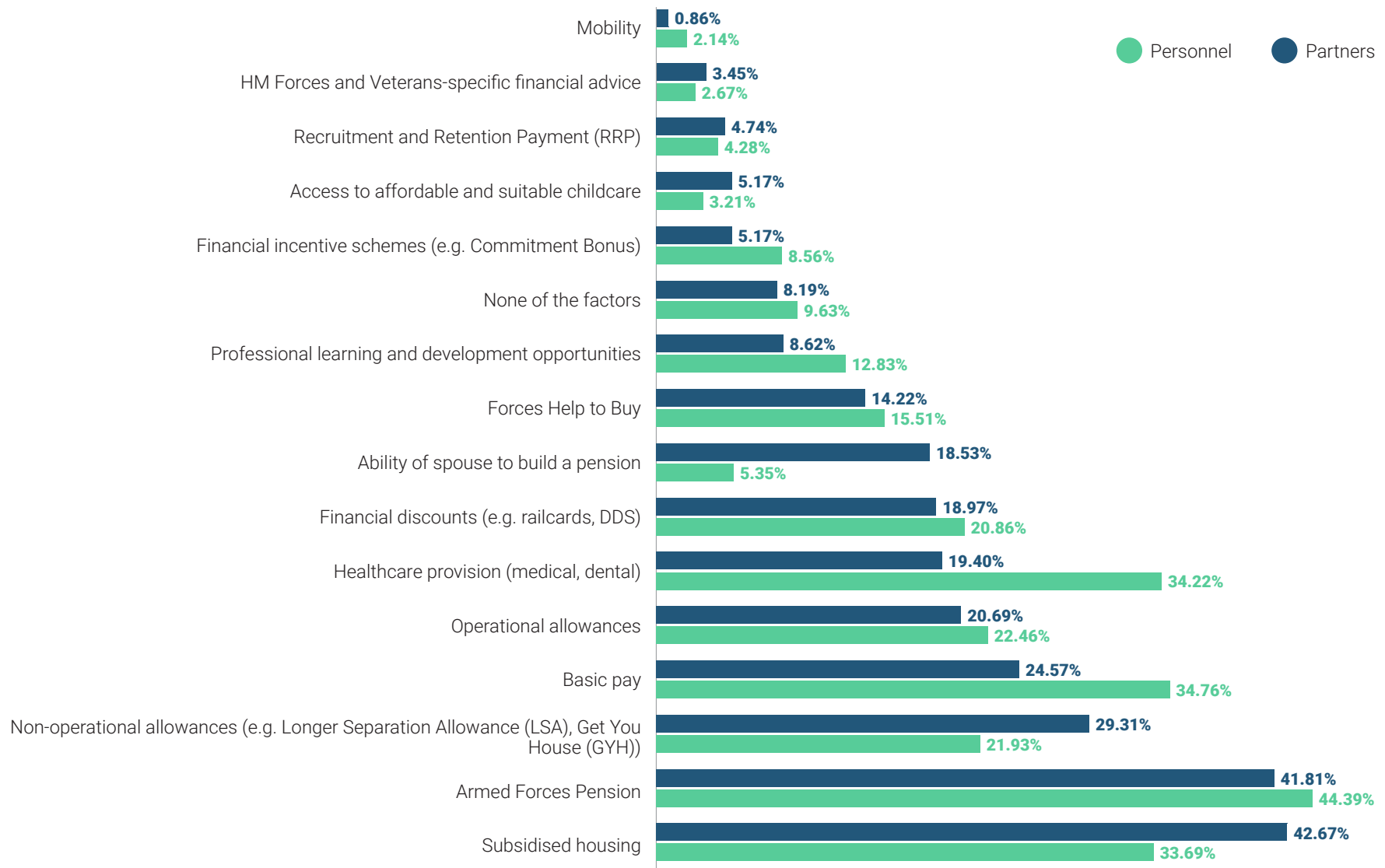
The chapter integrates findings from the survey and the qualitative stakeholder interviews. While the survey examined personnel and partner views on a pre-determined longlist of factors that may positively or negatively shape family financial stability, the interviews aided in identifying further factors that existing literature may not yet have captured.

4.1. Factors that increase financial stability

Existing research and insights from the UK indicate various benefits associated with military compensation that increase the financial well-being of Service personnel and their family. Beyond direct compensation provided by the Armed Forces, the military population benefits from access to services that may have direct or indirect financial value (e.g. healthcare and discounts). Lastly, there may be elements of Service life, such as access to learning and development opportunities, that positively impact family finances.

Figure 4.1 (below) illustrates all survey responses concerning factors pre-identified from existing literature. We asked survey respondents to select up to five factors that they believed most enhanced their financial stability.

Figure 4.1 Comparison of partner and personnel responses regarding factors promoting financial stability



Source: RAND Europe analysis of survey data.

Among the partner population, the five factors perceived as having the most significant positive impact on financial stability included:

1. Subsidised housing
2. Armed Forces Pension
3. Non-operational allowances
4. Basic pay
5. Operational allowances.

The personnel population's top-five factors were similar to the partner population, with some differences in their relative ranking:

1. Armed Forces Pension
2. Basic pay
3. Healthcare provision
4. Subsidised housing
5. Operational allowances.

As Figure 4.1 (above) shows, some significant differences in partner and personnel populations' perceptions are evident in the assessment of two particular factors: a) healthcare provision, which personnel rated significantly more positively than partners, and b) spousal ability to build a pension, which partners' rated more positively than personnel. Differences in healthcare assessments likely stem from the unavailability of on-base healthcare to family members, who must rely instead on NHS service provision or external service providers (e.g. care facilitated by Service charities).

Though survey respondents did not provide additional qualitative comments about positive Service-related factors, several themes emerged from stakeholder interviews that shed light on policy actors' and service providers' perspectives. The key themes discussed in interviews included:

- **The Offer's relative value relative to civilian financial rewards:** Despite some perceptions that the Offer's value is eroding, interviewees noted areas of significant benefit within the military Offer compared to civilian financial rewards.⁵⁴ These areas include the non-contributory military pension scheme, operational allowances and other allowances reducing household spending (e.g. the 'Get You Home' allowance contributing towards travel costs from Duty Stations to Service members' homes, and the 'Home To Duty' allowance contributing to costs incurred through daily travel between home and workplace). Most interviewees discussed the Offer's value as residing in other elements than base pay (such as the pension scheme), and interviewees did not comment on the relative pay level between military and civilian occupations.

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Research interviews: INT01, INT02, INT03 and INT13.

- **Service personnel's and their families' access to benefits of financial value:** Beyond aspects of the Offer with a direct financial value (e.g. base pay), interviewees frequently discussed the scope of benefits available to the military population that ultimately contribute to family finances.⁵⁵ Such benefits include subsidised schooling, council tax benefits, subsidised accommodation and healthcare provision (for Serving personnel). Implicitly, interviewees conveyed that military families benefited from a more extensive range of benefits assumed to enhance their financial stability than civilian families.
- **Job security:** A minority of interviewees noted that military Service provides greater job security than civilian employment.⁵⁶ Trends affecting the civilian labour market do not tend to affect Service personnel's employment prospects or job security. Instead, existing research confirms that military recruitment increases when wider macroeconomic and civilian labour market conditions are poor.⁵⁷ Therefore, military Service may provide more stable employment prospects and more certainty of income stability.
- **The Armed Forces Community's access to finance-related support services:** Interviewees discussed the positive impact of the Armed Forces Community's access to various support services. In some instances, these services are tailored to the military population, thus not accessible to civilian families. This military-specific support landscape includes services that can support families in financial planning (e.g. through pensions and financial management advice) or provide a safety net for managing financial crises (e.g. personal hardship grants). Chapter 5 discusses this support landscape further.
- **Upskilling opportunities and social mobility:** A minority of interviewees discussed the long-term benefits of military employment for families' financial stability via the opportunities for upskilling, learning and development associated with military Service.⁵⁸ This benefit applies to learning and development during Service and long-term career-growth opportunities after personnel transition from military Service. For example, interviewees mentioned military personnel's access to Enhanced Learning Credits (ELCs), which they can accrue during Service and use post-transition to civilian life to gain new qualifications without high financial cost. While this study did not explore veterans' experiences with the ELC scheme, existing research indicates that it is perceived as positive but complex, presenting difficulties for veterans to access support,⁵⁹ recommending the provision of further guidance and clarity on Service leavers' access to financial support for training (e.g. the ELC scheme).⁶⁰
- **Poor communication of the Offer and the benefits of military compensation:** Despite the strengths of military compensation and opportunities stemming from broader access to subsidised services (e.g. housing), these positive factors may not be well understood across the military population due to poor communication from the Armed Forces or Defence more

55 Research interview: INT08.

56 Research interviews: INT01, INT13 and INT16.

57 Asch et al. (2021).

58 Research interviews: INT01, INT08 and INT13.

59 Hynes et al. (2022).

60 Hynes et al. (2022).

widely.⁶¹ Anecdotal evidence suggests that communication of the Offer does not always match the lived experience of personnel and their families. Though existing research on veterans' experiences with post-Service compensation and welfare benefits highlighted similar issues,⁶² our interviews provided no further indication of what the drivers or sources of this disconnect may be. This finding indicates broader challenges with communicating the Offer to Service personnel and their families.

4.2. Factors undermining financial stability

Further to factors enhancing financial stability, we also investigated factors potentially undermining family finances. These comprised four broad categories: a) the Offer, b) mobility and other Service-life demands, c) transition-related factors, and d) personal circumstances (e.g. significant life events). As with the survey element focused on beneficial factors, we asked respondents to select up to five factors they considered the most significant in undermining their financial stability. Figure 4.2 (below) summarises the results across the partner and personnel populations.

As Figure 4.2 shows, 'difficulties in spouse or partner gaining and/or maintaining employment' was seen as the most significant factor negatively impacting family financial stability for both the partner and personnel populations. This finding is consistent with the existing research narrative. As discussed in Chapter 2, partner employment is perhaps the most frequently discussed factor in the existing literature on military families' financial resilience. Section 5.3 of this report further details the impact of Service on partner employment.

Additional factors frequently selected by survey respondents as negatively influencing their family's financial stability were:

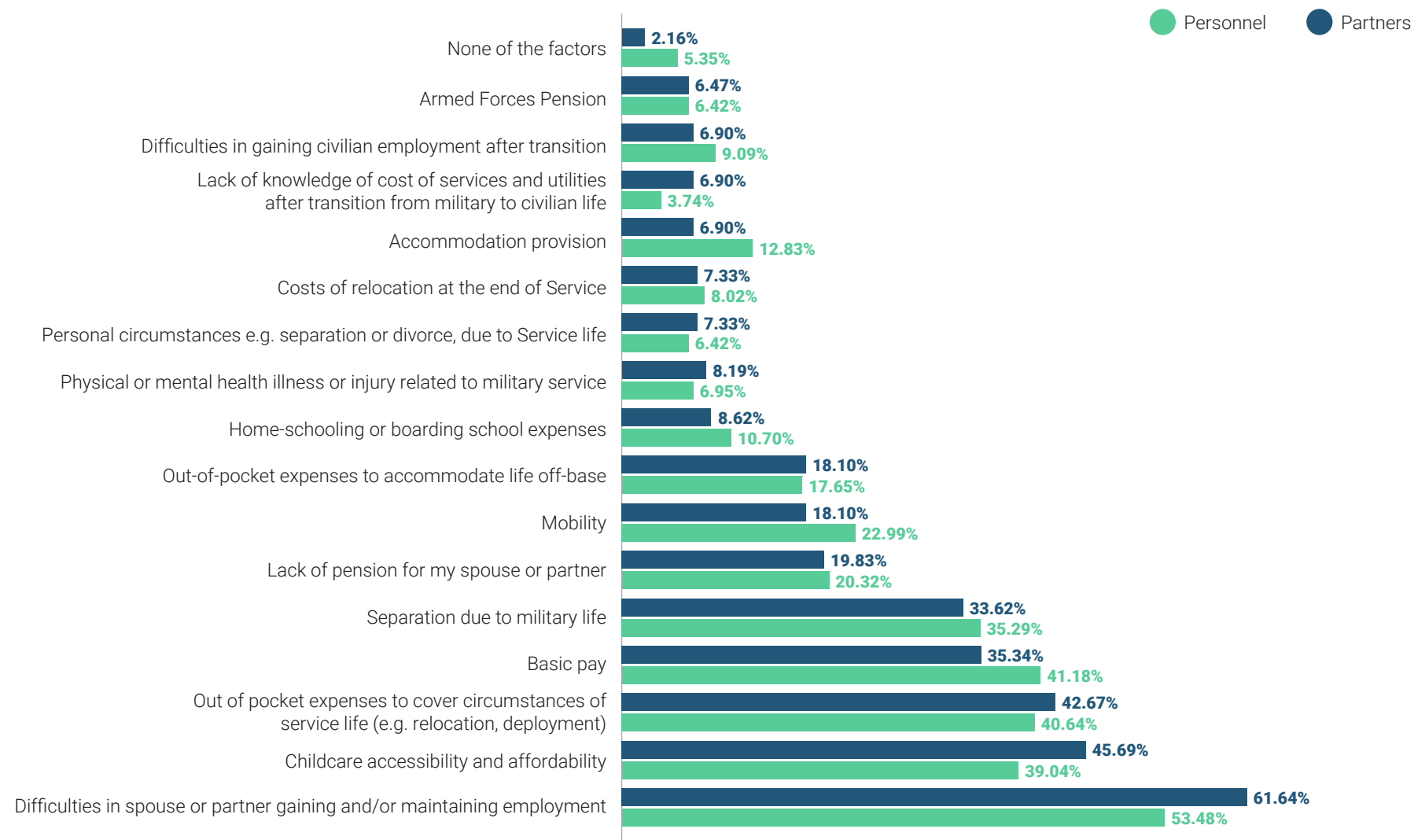
- Childcare accessibility and affordability
- Out-of-pocket expenses to cover circumstances of Service life (e.g. relocation)
- Basic pay
- Separation due to military life.

There were some differences in the relative significance of these top-five factors. For example, basic pay was a more frequently reported factor among personnel than in the partner population; in contrast, a higher proportion of partners than personnel saw childcare accessibility and affordability as negatively impacting family finances.

61 Research interview: INT01.

62 Hynes et al. (2022).

Figure 4.2 Perception of factors undermining military families' financial stability



Source: RAND Europe analysis of survey data.

Survey respondents' written comments provided additional granularity for understanding the impact of the abovementioned factors. The comments also highlighted additional factors that may not have been included or immediately apparent from the survey questionnaire. The themes identified in the survey comments included:

- **The hidden costs of overseas postings:** Personnel and partners commented on various hidden overseas-relocation costs. Many survey respondents reported that allowances failed to cover the expenses associated with overseas relocation, such as schooling/childcare costs in areas with limited options. Some respondents also highlighted costs stemming from external circumstances, such as poor or volatile exchange rates, reducing Service personnel's real wages.

'I have taken a temporary career break from the RAF to support my partner's overseas posting so we are down to one income. The military has introduced a flexible GAR (exchange rate) since we arrived to convert his wages from GBP to USD. He is paid in USD and because of poor UK exchange rate, he is now paid \$1000 less per month than when we arrived. If we were in the UK, he would be receiving all of his wages as does everyone else in the Service. But because he is abroad in the [United States - US], he is receiving an actual physical pay cut of \$1000 less per month. This is the same situation at present for all personnel in the [US].' (Dual-serving partner, RAF Serving senior OF).

- **Impacts of career management practice on financial planning:** Survey respondents noted that military families frequently face job changes, relocation, deployment or posting with little advance notice. While military families are expected to be geographically mobile and have more frequent job moves, this feature of career management practice can prohibit long-term financial planning and potentially require families to absorb unnecessary expenses.

'Inability to plan our lives has a massive impact on our ability to make sensible financial decisions. I keep getting moved (jobs) at short notice. In the past 4 months I've been put into 11 'trawls' (told I may have to move jobs again, at short notice). Example of what this does: for a posting with a long (and rural) weekly commute I bought a new car. This included taking out a bank loan to part fund it. I then got moved a year early, to London, where I didn't need a car. And then deployed, where I didn't need a car. So, I've been paying a car loan for a car that is sat on the drive depreciating. Had I known where I was to be moved to, I would not have bought it.' (Dual-Serving partner, Royal Navy junior OF).

- **The complexity of organisational processes:** Survey respondents noted that while some financial hardship they experienced may have been addressed through allowances or alternative organisational mechanisms, families frequently encounter a complex bureaucracy that generates costs for the family. For example, some respondents highlighted challenges with processing allowance claims, resulting in a build-up of out-of-pocket expenses:

'You can claim for the money in advance for 'get you home' but it's often more effort than it's worth and often gets messed up. Our claim from respite from July has been rejected over 10 times due to tiny basic errors which the GAU could help correct but unless you do these forms every day then it's not easy.' (Spouse, RAF Serving junior OF).

Overall, some respondents highlighted a sense that financial rewards associated with military employment have eroded in recent years. As perceived by personnel respondents, this trend

had implications for families' overall financial well-being and shaped issues around partner employment. This theme resonates with existing findings in recent surveys of military families. In 2018, for example, 62 per cent of Army family members included in an AFF survey indicated that the Offer had significantly or somewhat worsened since they became an Army family.⁶³

'...The offer just isn't competitive [anymore]. Officers on a salary far in advance of the national average [cannot] cope. I have a mortgage and I pay schools fees (that amount you have to after [Continuity of Education Allowance – CEA]) which are of course choices I have made, and we have almost no money at the end of every month. [...]. We certainly can't save; we certainly can't afford a holiday or a new car or any type of non-essential goods or service. We are (counter intuitively I admit) pretty much on the bread line. We exist.; (British Army Serving senior OF).

'My wife being unable to work due to the constant moving is critical. I sense that previously salaries were such that this was not such an issue. Indeed, previous generations would not have expected their wife to work at all. Now it is a necessity in order to make up the gap between military basic pay and what might be described as a living wage.' (British Army Serving senior OF).

Insights from interviewees from the stakeholder community largely confirmed the factors tested in the survey questionnaire. Interviewees discussed the following issues under the broader theme of how military Service negatively affects family financial stability:

- **Reduced or limited employment opportunities for military partners:** Mirroring the survey findings, partner-employment challenges featured prominently in stakeholder interviews. Interviewees saw partner-employment limitations as a decisive factor aggravating the general risk of financial instability families in the civilian population, but also as one that remains insufficiently recognised and prioritised by the Armed Forces and the MOD.⁶⁴ As Chapter 5 explores, interview insights suggested a considerable disconnect between the policy attention and support dedicated to partner employment and its significance for military families' financial stability.
- **The financial implications of overseas/frequent relocation:** Many interviewees discussed the financial costs of mobility and overseas living. Particular challenges highlighted in interviews included the following: barriers in employment law limiting partner employment opportunities; financial disadvantages stemming from frequent changes in service providers (e.g. energy providers); high travel costs associated with remote postings; variations in childcare and other service costs (that families may be unable to anticipate or plan for); Service personnel's limited agency determining their postings (i.e. career-management implications for financial planning); and the credit-history implications of frequent relocation.⁶⁵
- **Quality of Service accommodation:** Though interviewees and survey respondents both discussed access to subsidised housing as a benefit to military families, participants in both groups also reported that poor-quality Service housing potentially presents a financial risk factor. For example, poor insulation, energy inefficiency or lack of access to

63 AFF (2018).

64 Research interviews: INT05 and INT06.

65 Research interviews: INT02, INT03, INT04, INT06, INT10, INT12 and INT16.

appropriate energy services may force families to shoulder energy-related costs.⁶⁶ The insufficient investment in Service accommodation and other facilities on base has also undermined the value of the subsidised access to such facilities. These issues undermine the subsidised Service accommodation's contribution to families' financial well-being since even subsidised housing may take up a significant proportion of a family's budget if they rely on a single income. These themes mirror recent debates over the poor standard of Service accommodation and the performance of contractors providing accommodation maintenance and repairs,⁶⁷ including a public apology from the Defence Infrastructure Organisation to Service personnel over poor accommodation-related service.⁶⁸

- **Childcare costs:** Mirroring the survey narratives, some interviewees emphasised the costs of childcare as a significant financial risk factor for military families. Interviewees recognised that frequent relocation means many Service personnel and their partners live too far from their wider family for them to assist with childcare; this subsequently undermines the ability of partners of Service personnel to work or significantly increases childcare-related expenses.⁶⁹ Frequent relocation may also increase educational costs, with families needing to buy provisions such as school uniforms or pay for membership in children's clubs more frequently than civilian families.
- **Loopholes or gaps in Service-linked allowance schemes:** Though allowances can significantly benefit Service personnel and the wider family, interviewees provided examples of gaps or loopholes in allowance schemes that result in families paying out-of-pocket for the demands of Service life, particularly regarding fixed allowances that do not account for variations in the cost of living in different parts of the UK (or international locations) or significantly lag behind inflation.⁷⁰

In a departure from the survey questionnaire and comments made by survey respondents, a substantial number of stakeholder interviewees spoke about two issues considered detrimental to financial stability among military families: a) financial literacy and b) the prevalence of high-risk financial behaviours among the military population. We discuss these below:

- **Financial literacy levels among military populations:** A significant proportion of stakeholders interviewed in the study raised concerns about financial literacy and financial management knowledge among the Armed Forces Community.⁷¹ While minimal robust evidence exists on financial literacy among Serving and ex-Service personnel, interviewees indicated that poor financial management knowledge frequently manifests post-transition to civilian life. As many Service personnel receive subsidised services, including housing, they may lack understanding and experience managing spending within the broader civilian economy. They may also struggle with assessing how much disposable income they have when

66 Research interviews: INT03, INT05, INT10, INT12, INT13 and INT15.

67 See, for example, Brooke-Holland (2023).

68 AFF (2022).

69 Research interviews: INT02 and INT06.

70 Research interviews: INT02 and INT13.

71 Research interviews: INT01, INT03, INT04, INT05, INT06, INT07, INT08, INT09, INT11, INT12, INT15 and INT16.

post-transition to civilian employment.⁷² This difficulty may be particularly true for personnel who spend much of their military career overseas. Overall, the interviews indicated that the structure of the Offer creates a different set of circumstances for financial planning for Service personnel, and the change in these circumstances that comes with the military-to-civilian transition is often challenging for Service personnel to navigate.

- **Financial risk-taking behaviours among Service and ex-Service personnel:** Reflecting insights from extant research,⁷³ some interviewees indicated an increased prevalence of financially harmful financial behaviours, such as gambling, among the Armed Forces population. They linked the higher prevalence of gambling and other high-risk financial behaviours (e.g. high-risk financial investments) to the social isolation personnel may experience during and after their Service. Some interviewees also observed from their experience how Service personnel might be more vulnerable to ‘sharp’ financial practices⁷⁴ and ‘unwise consumer investments’, such as taking on large amounts of credit.⁷⁵ However, interviewees also noted that such behaviours and their drivers remain poorly understood.⁷⁶

Some interviewees also discussed segments of the Armed Forces Community who may be at higher risk of financial instability. Interviewees discussed military communities’ financial vulnerability in dispersed areas where housing costs may be disproportionately high,⁷⁷ overseas postings⁷⁸ and families with children who may be required to relocate frequently.⁷⁹ Interviews did not indicate that younger personnel may be at higher risk of financial hardship but that financial stability likely decreases when personnel have a family.⁸⁰ This finding suggests that different sources of financial instability are likely for different segments of the Armed Forces Community. While international research indicates that younger personnel are at a higher risk of engaging in financially harmful behaviours,⁸¹ personnel with families may see their financial resources reduced over time due to various factors, including childcare costs and limited partner employment opportunities. As discussed in Section 4.2, the survey results indicate that younger personnel generally had more negative perceptions of their financial stability. However, the sample size does not allow for firm conclusions on age-based differences in the financial well-being of personnel and their partners.

72 Existing research on veterans’ access to the welfare benefits system has also highlighted these themes (Scullion et al. 2018).

73 Colishaw et al. (2020) and Pritchard et al. (2022).

74 Sharp financial practices are understood as legal but unethical, including misselling financial products or misleading customers.

75 Research interview: INT12.

76 Research interviews: INT01, INT08, INT09 and INT16.

77 Research interview: INT15.

78 Research interview: INT05.

79 Research interview: INT13.

80 Research interview: INT13.

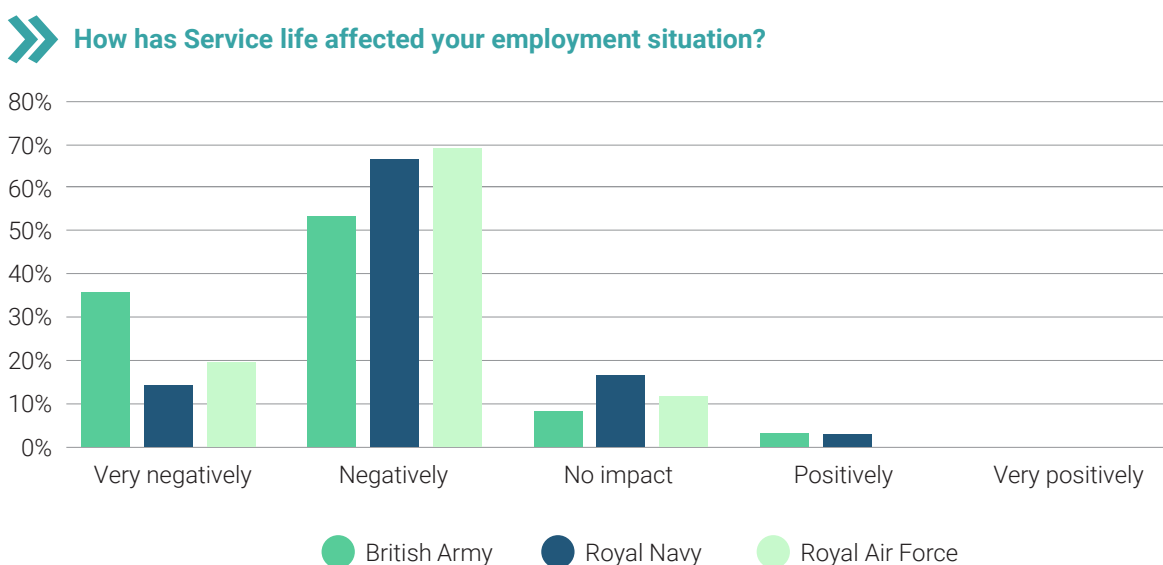
81 Buddin (2002) and Peach (2018).

4.3. Service impacts on partner employment

Given the significance of partner employment to military families' financial stability, we specifically asked survey respondents who identified as partners of Serving or ex-Service personnel about how Service impacted their employment situation and the key determining factors involved.

As shown in Figure 4.3 (below), the partner population generally perceived Service as negatively impacting partner employment.⁸² The figure indicates that current or ex-Service Army personnel partners were more likely to report their employment being 'very negatively' affected than RAF and Royal Navy (RN) partners. However, we note the relatively small numbers of RAF and RN respondents.

Figure 4.3 Perceptions of Service's impact on partner employment



Source: RAND Europe analysis of survey data.

We also asked military partners which factors they considered most significant for their employment situation, inviting them to select the three most significant factors from a long list of factors generated from the literature review. The survey results (shown in Figure 4.4 and Figure 4.5) indicate that the partner population perceived the three most significant factors to be:

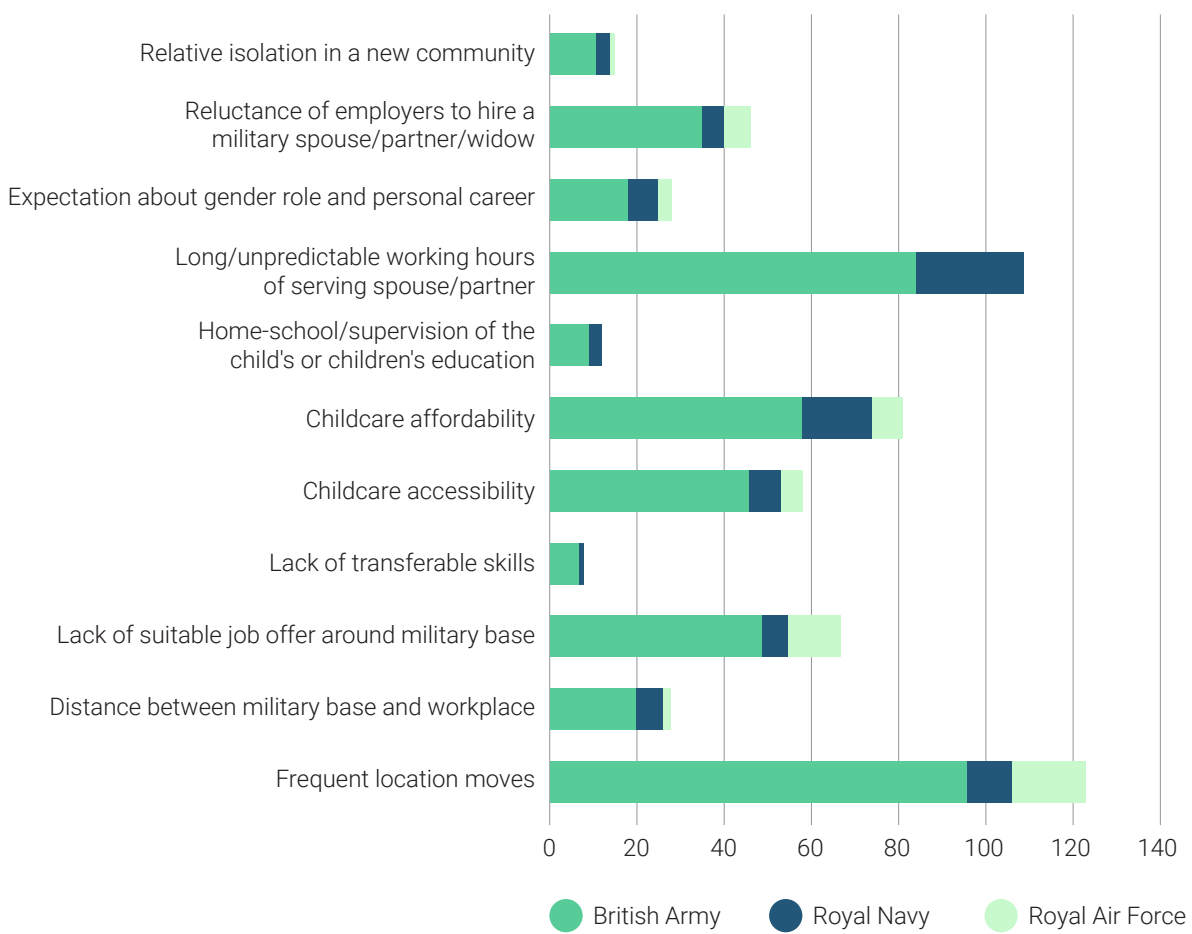
- Frequent relocation
- The Serving spouse/partner's long or unpredictable working hours
- Childcare affordability.

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We did not ask personnel respondents how Service life affected their partners' employment situation, though some provided written comments (described below).

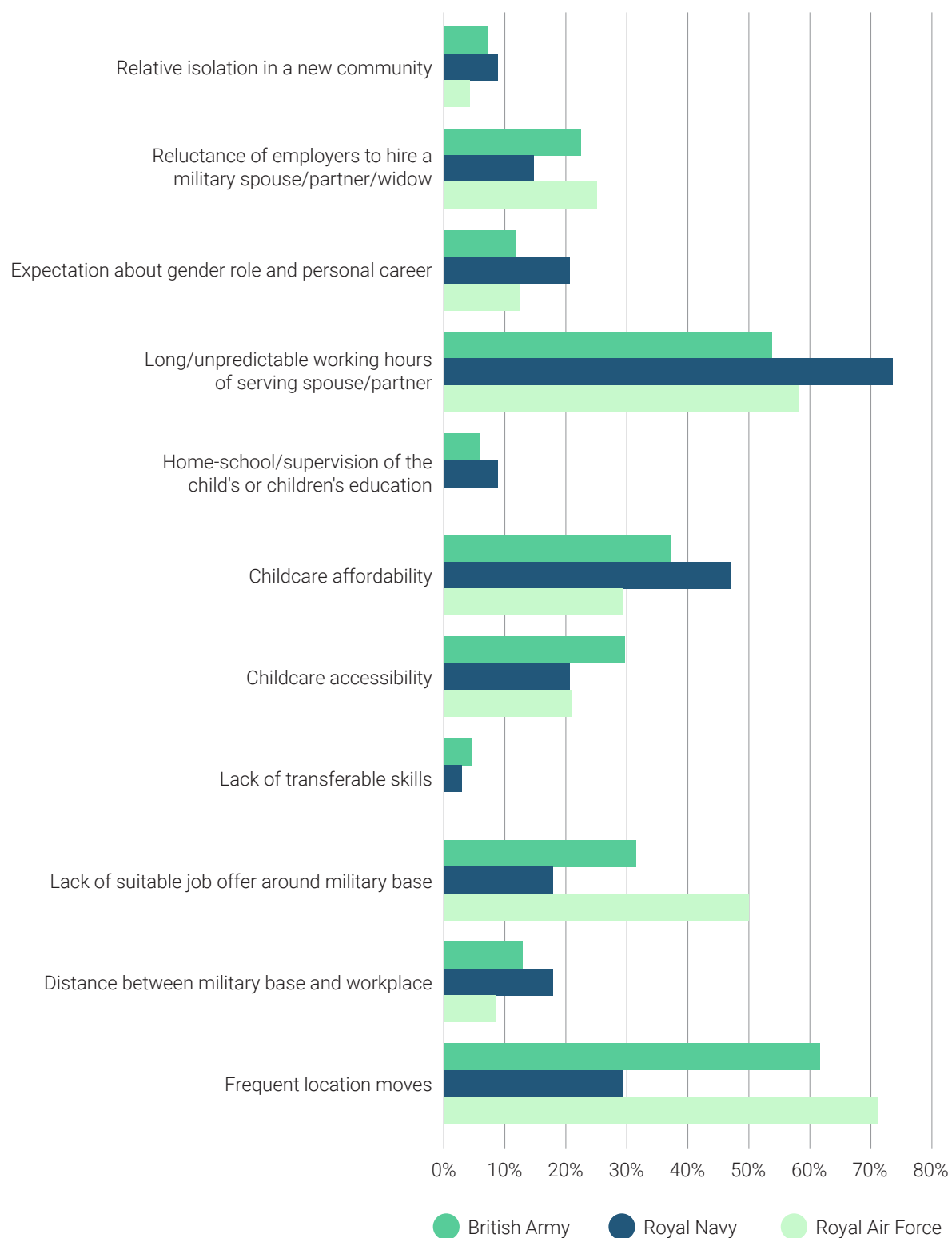
These findings resonate with existing literature⁸³ and survey respondents’ qualitative insights into how their family’s financial stability has changed since the COVID-19 pandemic began. As discussed in Section 3.3, survey respondents frequently mentioned childcare as a factor in securing or maintaining employment during the pandemic.

Figure 4.4 Key factors impacting partner employment (by response number)



Source: RAND Europe analysis of survey findings.

83 See, for example, Caddick et al. (2018) and Lyonette et al. (2018).

Figure 4.5 Key factors impacting partner employment (by percentage)

Source: RAND Europe analysis of survey findings.

Again, respondents were able to add written comments if they wished to provide further detail about the impact on their employment. Some respondents noted that all or nearly all factors on the questionnaire's longlist affected their employment situation, indicating that the enablers and barriers to partner employment are multi-faceted. The themes emerging from other comments are discussed below, together with sample quotes:

- **Sharing childcare duties:** Survey responses pointed to institutional barriers resulting in childcare duties being overwhelmingly carried by Serving personnel's partners. This bias presents a barrier to employment, long-term career development or financial well-being if a partner pursues employment, necessitating paid childcare. It also indicates a strong correlation between Serving personnel's long or unpredictable working hours and childcare availability as factors impacting partner employment. Given that the overwhelming majority of military partners are women,⁸⁴ these dynamics also have a gendered element, with military families' childcare duties disproportionately falling to women.

'Currently the school has no wrap around care for after school and childminders are very limited and expensive as are nurseries. [My] husband doesn't feel able to help because he doesn't want to leave work early to collect children as he thinks it will reflect badly on him at work.' (Spouse, British Army Serving junior OF).

'The military does not expect a spouse to have a proper job with equal or more responsibility to the serving person despite what they say. Therefore, the majority of the childcare falls to me.' (Spouse, Royal Navy Serving junior OF).

- **Employer reluctance to hire military partners:** One of the factors captured in the survey was 'reluctance from employers to hire a military spouse/partner/widow'. Comments from survey respondents deepened our understanding of the potential factors underpinning this reluctance, indicating potential instances of discrimination from employers. Highlighted factors included employers' hesitation to hire partners who may quickly relocate and be unable to invest time in upskilling for a new role due to frequent relocation.

'As soon as my address was identified as being married quarters during, or before interview, my position as a candidate was reviewed and interviews withdrawn. Opportunities to [work] were scarce and promotions not offered to locally employed teaching staff [...], therefore my opportunities for career advancement and pension prospects were severely impacted.' (Widow, British Army).

- **Separation from the wider family limits childcare accessibility:** While many parents rely on the broader family (e.g. grandparents) for childcare provision, this support mechanism is unavailable to military families who frequently relocate or are posted away from their wider family circle. Some respondents noted that this factor might sometimes lead to families separating during a posting, with civilian partners relocating to be close to the wider family.

'Some locations have very limited childcare options and those that are available are costly, so you generally look for more child friendly hours which then takes precedence over career choices. Postings are too far away from family to enable them to look after the children or even

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For example, 'over nine in ten Service spouses' participating in the FAMCAS 2022 survey were women (MOD 2022b).

have back up for unsociable hours when childcare options are extremely limited.' (Spouse, British Army Serving senior OR).

Alongside Service's direct impact on employment opportunities and family finances, survey respondents' qualitative insights captured the wider implications of limited employment on partner/wider family well-being. The following themes emerged from comments made by partners and Serving personnel who provided comments about their partners' employment under other parts of the survey:

- **Career identity:** Some respondents described how Service life affected their broader career identity; even if they can secure employment, partners may not be able to pursue or advance in their chosen field:

'I have not been able to maintain a real career, having to reinvent myself on each posting. Whilst this makes me adaptable, it means I've never progressed in seniority, earning far less than I should have done and resulting in little pension.' (Spouse, British Army Serving senior OF).

'I am not a UK citizen, so it is very hard for me to find a new job after every move that is challenging for me. I have my post graduate degree and relevant experience; however, it usually takes me about 4 months to find a job. A job, not a job that is in my career field. I feel this is limiting my potential.' (Spouse, British Army Serving junior OR).

- **Financial dependence:** Some survey respondents commented that further to the negative impact of partner unemployment on overall family finances, being unable to secure employment may impact interpersonal relationships. In particular, some respondents noted their reluctance to be financially dependent on their military partners and the impact of financial dependence on their satisfaction with Service life and personal well-being. The survey responses showed that while some participants felt financially dependent, they appeared to be in supportive relationships. Though existing literature documents a link between financial dependency and abusive or controlling relationships,⁸⁵ the study did not identify these themes.

'Overall, I do feel the positives outweigh the negatives as a family unit. However, on a personal level I feel the inability to be in a role that maximises my skills and experience, and pays the salary level I would like, has a negative impact on my confidence, outlook, and the ability to feel I am making a sound financial contribution (rather than relying on [the Service person's] salary).' (Spouse, British Army Serving junior OF).

'My wife cannot work as she is a carer for our son, who although attends a specialist school she is required to be on call for any issues. We are solely reliant on my income which is tough on my wife (lack of independence, mental health, meeting new people, etc).' (Royal Navy, Serving junior OF).

- **Long-term impacts on career development:** Though lack of employment immediately impacts families' finances and well-being, respondent comments highlighted some of the longer-term consequences. Such consequences may manifest after a partner transitions to

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See, for example, Conner (2014) and Kutin et al. (2017).

civilian life or the separation/death of a partner and may result from partners being unable to accrue pensions due to interrupted employment and career growth.

'[I] was unable to work when caring 24/7 for long period of time. [I had] no time for myself to have a rest or to work full or part time. So when [my] husband died, I had no reference or work experience. [I] ended up as a carer in community on very low pay, trying to keep up mortgage payments, and paying off debts my husband had made due to PTSD.' (Widow, British Army junior OR).

'I had to lie to employers about the length of deployment to an area to be taken on - only to be moved again [approximately] 1 year later. I lost my NHS pension and my registration as a result of this fractured career and am only now beginning to make a difference for myself in terms of career stability at the age of 55. I am now a very long way behind my civilian peers in the NHS in terms of being in a stable position salary & pension wise.' (Dual-serving partner, British Army Serving junior OF).

- **Family roles, dynamics, and marital health:** Some survey responses pointed to the impact of partner employment on family relationships, including unpaid care requirements in the household, each partner's work and family roles, and marital health. These factors may correlate with perceptions of gender roles, which some respondents also commented on:

'Due to partner's being away, it makes us [sometimes] feel like we are single mothers taking on responsibility of both parents as well as looking after the welfare of the partner. Especially when we have just been posted to a new place and the area is isolated.' (Spouse, British Army Serving junior OR).

'I have a high paying and demanding office job in central London and my husband moves every 1-2 years. Even if I'm paid 3 times more than my husband in the army, I have to travel (often fly) to get to the office, look after our child and dog and do all domestic work. Most of our relationship arguments are around the next posting.' (Spouse, British Army Serving junior OF).

4.4. Chapter summary



Military partners participating in the survey noted that the most significant factors enhancing financial stability were subsidised housing, the Armed Forces pension, non-operational allowances, basic pay and operational allowances. Personnel reported similar factors as the most significant: the Armed Forces pension, basic pay, healthcare provision, subsidised housing and operational allowances.



Interviewed stakeholders reported several factors as enhancing military families' financial stability, including the military Offer's value relative to civilian compensation, Service personnel and their families' access to benefits with a financial value (e.g. subsidised schooling), job security, the Armed Forces Community's access to finance-related support services, and opportunities for upskilling and social mobility through military Service.



Among factors undermining financial stability, personnel and partner respondents both rated 'difficulties in spouse or partner gaining and/or maintaining employment' as the most significant factor. Further factors negatively impacting financial stability were childcare accessibility and affordability, out-of-pocket expenses to cover Service-life circumstances (e.g. relocation), basic pay and separation due to military life.



Respondents highlighted additional factors they considered significantly linked to financial stability, namely the hidden costs of overseas postings, the constraining impacts of career management practice on a family's financial planning ability, and the complexity of organisational processes through which families can access allowances. The survey also captured general perceptions of the Offer's eroding value compared to civilian compensation.



Stakeholder interviewees associated adverse impacts of Service life on financial stability with reduced or limited partner employment opportunities, the financial costs of overseas relocation and frequent relocation, the costs of poor-quality Service accommodation, the unaffordability or lack of accessible childcare, and loopholes/gaps in Service-linked allowance schemes. Interviewees also noted the impacts of limited financial literacy and the higher prevalence of high-risk financial behaviours among the military population.



Survey respondents perceived the impact of Service on partner employment, particularly Army personnel's partners. Factors perceived as most significant in linking Service life to partner employment opportunities included frequent relocation, the spouse or partner's long or unpredictable working hours and childcare affordability.

Source: RAND Europe analysis of survey and interview data.

Chapter 5. The nature, strengths and limitations of the support landscape

This chapter presents the study's findings relative to the two RQs focused on the finance-related support available to military families:

- RQ4: What financial support mechanisms are available to Service personnel and partners? What areas do these support mechanisms cover?
- RQ5: What solutions or interventions could improve the financial stability of Service personnel and their partners?

This chapter draws on desk-based support-services mapping, the secondary analysis of stakeholder interviews and a stakeholder workshop. Its findings support the discussion of the research team's recommendations to the MOD, single Services and non-statutory support in Chapter 6.

5.1. The scope and nature of support for military families' financial stability

The Armed Forces Community benefits from access to various interventions and mechanisms intended to support military families' financial stability throughout and after Service life. These mechanisms include those bespoke to the military context and specifically provided by the MOD, Armed Forces or non-statutory service providers to address the Armed Forces Community's needs. It also includes broader support accessible to both military and civilian families, such as Citizens Advice.

We developed a taxonomy of military-focused finance-related support mechanisms to systematically characterise the finance-oriented support landscape (Figure 5.1). The underpinning mechanism mapping did not aim to develop a comprehensive list of available support; instead, it aimed to identify different support types and provide a basis for conversations with stakeholders about potential gaps in the support landscape. We broadly defined what constitutes a support mechanism, considering any service or product that aimed to improve military families' financial stability. However, our mapping excluded two types of finance-related support mechanisms:

- Firstly, the taxonomy does not capture benefits forming part of the military Offer, such as pay and allowances. While military families draw on these resources to maintain their financial stability, they are part of standard Service terms and conditions for all military families and not, therefore, a form of assistance.
- Secondly, the mapping and stakeholder discussions focused explicitly on support centred on the Armed Forces Community's needs rather than the broader support both military and civilian families can draw on. This decision reflects the study's focus on Service-related financial risk factors and military-specific dynamics defining family finances.

Overall, the research team identified three types of support mechanisms provided by statutory and non-statutory providers:

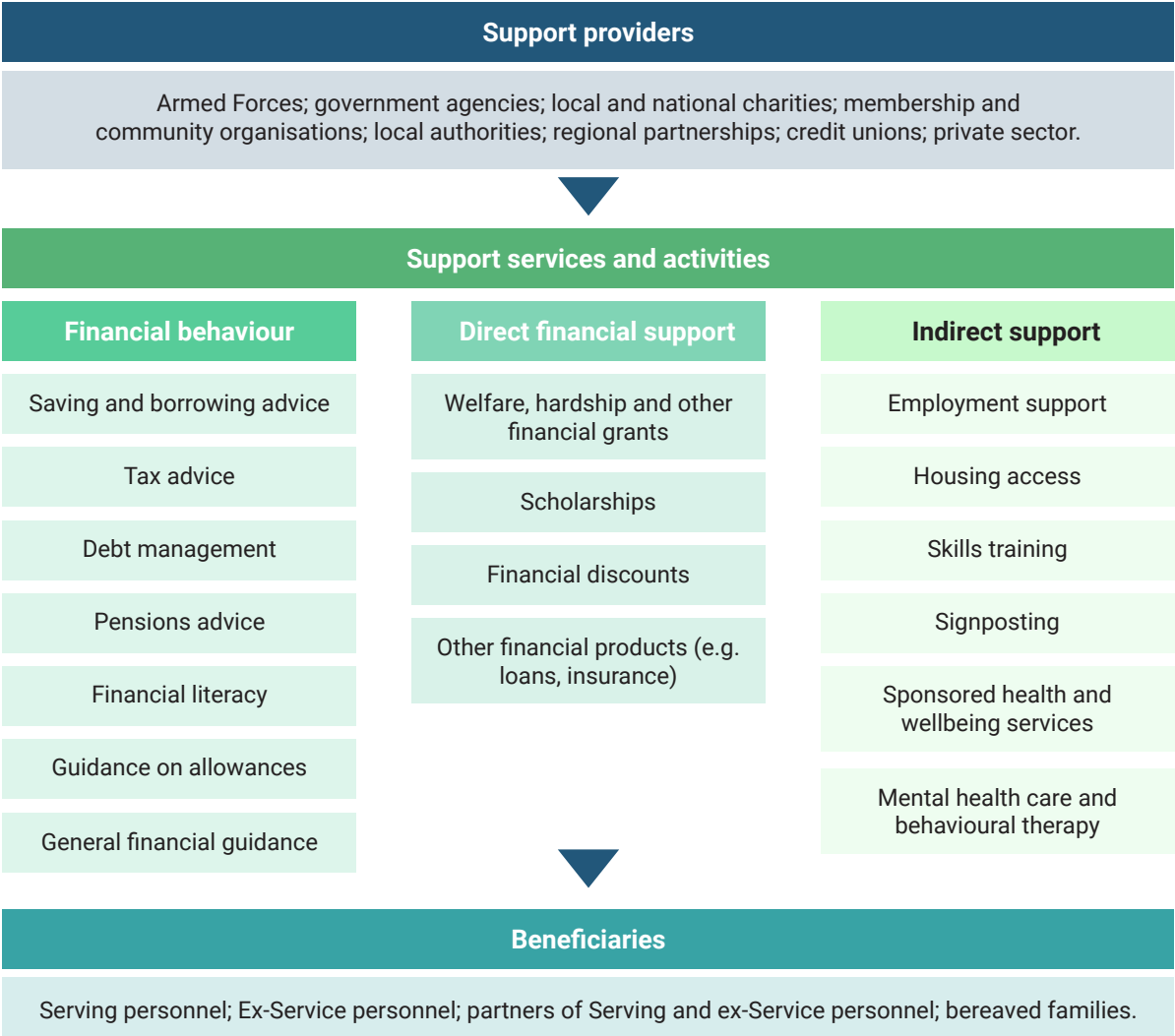
- Firstly, the research team identified mechanisms aimed at supporting effective **financial behaviours**, such as financial management, debt management and advice related to pensions and allowances. These mechanisms correspond to support aiming to strengthen the knowledge and skills of military personnel and their families' financial resources through an indirect or longer-term approach. Many of the mechanisms identified in this category centred either on guiding members of the Armed Forces Community on financial matters (e.g. how to navigate pensions, tax- and allowance-related policies) or on aiding the development of financial management knowledge and skills (e.g. as part of resettlement training offered by the Career Transition Partnership [CTP]).
- Secondly, the mapping captured various products and services with a **direct financial value** for the beneficiary. This category includes financial grants (e.g. welfare and hardship grants provided by the charity sector to those in need), scholarships sponsoring education and training for Armed Forces Community members, financial discounts and other financial products such as loans and insurance tailored to the Armed Forces Community's needs. Unlike the financial-behaviour-focused support, mechanisms in this category included shorter-term interventions (e.g. loans and grants) and generally represented direct rather than indirect aid.
- Thirdly, the mapping found several **mechanisms that are not explicitly finance-related but have consequences for Service personnel and their families' financial well-being**. This category includes education and employment support, housing assistance and signposting to further services according to individual needs.

Across all three categories, we identified mechanisms both in the category of what would be considered 'upstream' and 'downstream'/'just-in-time' interventions. While upstream interventions seek to preventatively mitigate a given social issue's broader risk factors or underlying causes, such as financial stress, downstream mechanisms often exist at the micro-level, provided responsively when an individual faces challenges. Though mechanisms oriented at financial behaviours are primarily upstream, some upstream interventions also have a direct financial value (e.g. scholarships supporting the long-term financial stability of Service personnel and their families).

As captured in the taxonomy, a range of military, civilian, public, private and third-sector actors provide support to the Armed Forces Community.

Our mapping also highlighted support provided locally by local authorities and community partnerships through collaboration between statutory and non-statutory actors. This includes particularly indirect support, such as housing schemes enabled by implementing the Armed Forces Covenant and signposting the targeted support available in the charity sector. From the private sector, we identified initiatives providing tailored financial services. For example, our mapping captured services provided by military credit unions, including bespoke financial advice for Armed Forces members. Some credit unions employ caseworkers who specialise in the Armed Forces Community and offer bespoke or tailored advice on pensions, debt management, tax management and other finance-related matters.

Figure 5.1 Support taxonomy



Source: RAND Europe analysis of desk research.

5.2. Strengths of the support landscape

Overall, stakeholders consulted in the study viewed the breadth of the current support landscape positively. They noted that Armed Forces families benefit from access to extensive support due to multivarious support services and benefits bespoke or tailored to the community alongside support that both civilian and military families can access from governmental and non-governmental organisations.⁸⁶ Stakeholders praised the landscape of charity action, government schemes, private sector services and single Service-facilitated welfare assistance for providing

86 Research interviews: INT04, INT05, INT06, INT07, INT08 and INT09.

comprehensive support. Study participants from the Armed Forces noted that embedding some support and signposting in the single Services continues to benefit personnel and their families, given that units and regiments help create and maintain a sense of community.

Stakeholders also recognised that, beyond assisting families experiencing hardship, there has been increasing support to address the root causes of financial instability and reduce families' long-term reliance on direct financial support. While there has been a renewed focus on grant-making in the charity sector, increased attention has focused on improving financial literacy and providing financial education through the MOD, single Services and throughout the charity sector.⁸⁷ While these efforts are still nascent, they acknowledge the need to provide personnel and their families with the skills/knowledge to build and maintain long-term financial stability.⁸⁸ Workshop participants noted this was particularly important for the positive socio-economic transitioning of military personnel and their families to civilian life.⁸⁹

From the sectoral perspective, interviewees noted that coordination between different support providers has improved in recent years. This trend is apparent in organisations offering financial support and between initiatives addressing other service-related challenges, such as veterans' employment and mental health.⁹⁰ Interviewees viewed this change as a testament to the increasing recognition among support providers that financial difficulties often intersect with other life challenges such as relationship breakdown, housing access and mental health difficulties. Promoting the Armed Forces Covenant has also helped raise awareness among employers and local authorities of the Armed Forces community's unique needs, enabling tailored support services.

Finally, stakeholder discussions pointed to elements of promising, if not best, practices in providing finance-related information and support to the Armed Forces Community. Firstly, stakeholder engagement highlighted an interest in new pathways and formats for information-sharing, such as leveraging social media, flyers with QR codes, and clearer sign-posting websites.⁹¹ Secondly, stakeholders highlighted the importance of how support and finance-related issues are framed. For example, some mentioned that RAF support teams are increasingly moving away from using the term 'welfare' to describe their support services to avoid any negative connotations for its users.⁹² This finding aligns with the broader debate on negative connotations of 'welfare' and the presence of a 'welfare stigma', i.e. 'negative socio-physiological consequences of "psychic costs" of being on welfare', in public debate.⁹³

87 Research interviews: INT04 and INT05.

88 RAND Europe workshop: 20 February 2023.

89 RAND Europe workshop: 20 February 2023.

90 Research interviews: INT04 and INT16.

91 RAND Europe workshop 20 February 2023.

92 Research interview: INT03.

93 See, for example, Smith (1987), Stanley (2016), and Bolton et al. (2022).

5.3. Existing support limitations and persistent challenges

Interview and workshop participants both identified limitations of existing support. Participants felt that while the breadth of existing support is positive, the multitude of support mechanisms and providers make the support landscape cluttered and fragmented, presumably making it challenging for intended beneficiaries to find and access the most suitable support. The number of support organisations and the sometimes-marginal differences between them may obscure the critical information necessary for those in need, i.e. where to go for support in different situations.⁹⁴ The saturation of the support landscape also necessitates more effective coordination among support providers. These insights also raised questions about the need and value of services signposting those in need towards relevant support.⁹⁵

Workshop participants also highlighted communication and effective information-sharing as the most pressing challenge for support providers within Defence and in the charity and private sectors. Stakeholders identified challenges with information accessibility and facilitating the uptake of and engagement with the information provided to the Armed Forces Community. Participants noted considerable inconsistency in information communication between the three Services and between individual units, rooted in a perceived absence of clear direction and signposting at the tri-Service level.⁹⁶ Poor-quality information resources on financial support were underlined as potentially eroding trust among beneficiaries, as information could be incorrect or misleading.⁹⁷

Two additional challenges were identified concerning communication:

- Workshop participants noted that the level of expertise and understanding of finance-related issues could be inconsistent among relevant gatekeepers (e.g. unit welfare officers), career managers and the command chain. While some support personnel receive external training on financial subjects, this may not be equally available to others across all Services, creating gaps or inconsistencies in guidance and support. Such gaps can negatively affect individuals and families, particularly in complex cases with welfare and compensation considerations. From the perspective of career management and the chain of command, families face increased financial risk if the financial impacts of key decisions and direction from the chain of command are poorly understood or not accounted for.
- Participants also emphasised a lack of information and communication with the partners of Serving personnel, potentially constituting a barrier to accessing and using available support.⁹⁸ Participants noted that information is often provided only to the Service person, which can create difficulties for families if the Service person is on deployment or the partner

94 Research interviews: INT02, INT06, INT07, INT08, INT12 and INT16.

95 Research interview: INT01.

96 RAND Europe workshop: 20 February 2023.

97 RAND Europe workshop: 20 February 2023. Research interviews: INT05 and INT12.

98 Research interview: INT15. RAND Europe workshop: 20 February 2023.

assumes more responsibility for financial management.⁹⁹ How information is shared (e.g. via Defence Information Notices or Modnet pages) may also be inaccessible to partners.¹⁰⁰

Though this study identified few gaps in specific support types, workshop discussions highlighted persistent uncertainties around military families' access to affordable childcare. While childcare accessibility and affordability is also a known challenge in the civilian population, childcare-related challenges for military families are compounded by Service-unique factors, such as mobility and posting in remote locations. While the recently launched Wraparound Childcare (WAC) scheme provides up to 20 hours of childcare for 4–11 year-olds during term time,¹⁰¹ workshop participants raised concerns about the gaps the scheme leaves in childcare provision for families with younger children. They also discussed potential barriers to accessing the scheme that families may face, e.g. depending on the regional areas of their posting. Participants highlighted that the scheme does not apply to children who reside with non-Serving family members most of the time and that the greatest need for childcare is often in families with younger children not yet of school age.¹⁰² Childcare-related challenges may therefore need continued assessment while WAC is implemented.

Participants highlighted additional gaps in support for specific cohorts within the Armed Forces Community:

- There is generally less focus on partners and families than on Serving and ex-Serving personnel, particularly regarding resettlement support and access to financial education/resources.¹⁰³ For non-Serving partners in the context of resettlement, the unpredictability of their financial outlook remains a key challenge.¹⁰⁴ While the COVID-19 pandemic has improved opportunities for remote and flexible working, issues such as the lack of reliable high-speed WiFi on military bases prevent families from fully exploiting these opportunities.
- Participants from the charity sector raised concerns about gaps in support for overseas families, noting that their financial risk factors are often more complex than for UK-based families. For example, in addition to the hidden financial costs of relocation, families must navigate restricted opportunities for partner employment and financial risks associated with scenarios such as relationship breakdown. In addition to this increased level of the potential need for support, overseas families may face various barriers in accessing support in the UK or struggle to find effective signposting.
- Stakeholders also noted the unique financial risks faced by Foreign and Commonwealth personnel and their families, the wounded and sick and recent Service leavers.¹⁰⁵ For the non-UK Serving community, participants highlighted that support providers should have an up-to-date understanding of the financial implications of immigration law or other circumstances, such as UK employment restrictions. For example, since visas for personnel

99 RAND Europe workshop: 20 February 2023.

100 RAND Europe workshop: 20 February 2023.

101 MOD (2022e).

102 RAND Europe workshop: 20 February 2023.

103 Research interview: INT13.

104 RAND Europe workshop: 20 February 2023.

105 Research interviews: INT11 and INT05.

and their families can constitute a significant expense, eligible personnel must be aware of these before applying to factor such expenses into their financial planning and prevent unforeseen financial shocks. Though recent policy changes have waived visa fees for Commonwealth Service leavers who served at least six years, visa fees continue to apply for personnel who served less than six years and all family members without UK nationalities.¹⁰⁶

Lastly, stakeholder interviewees identified persistent barriers to help-seeking as a key challenge for support providers and the entire sector. Reflecting existing research on the stigma attached to social security benefits,¹⁰⁷ interviewees noted a pervasive stigma attached to seeking help for financial issues, particularly among Service personnel. This stigma is associated with a culture of self-sufficiency and pride among Service and ex-Service personnel and poorly held assumptions about the potential impact of seeking support. Interviewees also identified the administrative burden associated with accessing potential support as a potential barrier, not least because help-seekers may need to repeat details about their personal circumstances to several organisations, which may be emotionally challenging or triggering.¹⁰⁸ Workshop participants also noted that levels of support vary significantly depending on the families' geographic area, described as a 'postcode lottery' where families posted to remote locations face more significant barriers to accessing advice and support.

In contrast, some interviewees noted an accompanying need to manage expectations and beneficiary attitudes towards accessing support, particularly among Serving and ex-Service personnel.¹⁰⁹ A minority of interviewees raised concerns that parts of the community may perceive an entitlement to access support, which does not align with the support that is actually available, putting pressure on services and preventing a fair distribution of support towards those most in need.

106 RBL (2022).

107 Scullion et al. (2019).

108 Research interview: INT09. RAND Europe workshop: 20 February 2023.

109 Research interviews: INT01 and INT04.

5.4. Chapter summary



Military families have access to finance-related support through mechanisms tailored to the needs of the Armed Forces Community and those accessible to both the military and the civilian population.



Military-focused mechanisms include those aimed at supporting effective financial behaviours (e.g. advice on financial management, debt management, and advice related to pensions and allowances), services that provide a direct financial value for the beneficiary (e.g. grants and loans), and mechanisms not explicitly finance-related but consequential for financial well-being (e.g. housing and employment support).



Stakeholder participants expressed positive views about the breadth of the support landscape. They also recognised advancing support to address the root causes of financial instability, reduce families' long-term reliance on direct financial support, and improve coordination between different support providers in recent years.



Nevertheless, participants identified several limitations/gaps in the support landscape. These include their perception that the landscape is cluttered and fragmented, challenges related to limited communication with partners of Serving personnel, inconsistent expertise levels on finance-related issues among relevant gatekeepers, and persistent issues with access to affordable childcare.



Gaps highlighted in the support landscape included finance-related support for military partners, overseas families and non-UK personnel and families. Participants also considered the wounded/sick and recent Service leavers at greater risk of financial instability, though it is unclear how far existing support addresses this.



Participants also noted persistent barriers to help-seeking embedded in cultural factors and poor understanding of legacy policies.

Source: RAND Europe analysis of interview and workshop data.

Chapter 6. Conclusions and recommendations

This chapter reflects on the study's key findings, presents recommendations for improving policy and practice and summarises recommended avenues for future research. While the chapter draws on the cumulative evidence base generated in this study, the recommendations draw heavily on the stakeholder-workshop discussions.

6.1. Discussion and summary of key findings

Existing research from the UK and other countries indicates that military personnel's incomes are relatively higher than those of people in comparator civilian occupations, suggesting the military population broadly benefits from good financial stability. However, anecdotal evidence from the UK and international literature has prompted questions about factors linked to the unique demands of Service life that potentially undermine the benefits associated with the military employment Offer and negatively shape military families' financial stability. This study aimed to provide a more in-depth understanding of these issues and thus support evidence-based improvement in policy and support provision.

Overall, data collected in this study indicate that military Service uniquely shapes the financial stability of military personnel and the wider family unit. Military Service appears to produce two contradictory dynamics, enhancing families' finances through the Offer's direct benefits and other Service-related advantages but simultaneously undermining them through several military-Service impacts on personnel and their families. These indirect impacts are multifaceted, including a significant reduction in or complete loss of a second family income due to barriers to partner employment, costs carried by families relating to frequent relocation and/or living overseas, high childcare costs or limited childcare accessibility, and barriers to long-term financial planning.

This study indicates that the dynamics around the direct and indirect impacts of Service life are understood and perceived differently by the military and partner population and the stakeholder community. Participants indicated a disconnect between stakeholders' perceptions of the Offer and Service personnel's lived experience of it. While stakeholders commented on the Offer's comprehensiveness compared to civilian compensation, many survey respondents perceived the Offer's value to be eroding. The findings also indicate a conflicting understanding of factors underpinning the military population's financial behaviours. While stakeholders noted that Service personnel and their partners might struggle with financial planning due to reduced opportunities for developing financial management skills, many survey respondents flagged barriers to financial planning and management stemming directly from Service life's nature. Survey respondents mentioned various career-management experiences (e.g. short-notice relocations and unexpected job changes) that undermined their ability to financially plan even in the short- or medium-term. This disconnect has various implications:

- Firstly, the contrasting themes emerging from stakeholder versus Armed Forces Community engagement highlight that the financial implications of Service life, the Offer and the Armed

Forces approach to incentivisation must be viewed from a holistic family perspective. While narratives around the Offer's positive value draw attention to its direct benefits to Armed Forces personnel, the sources of financial stress most frequently discussed by survey respondents concerned broader family circumstances, particularly partner employment and childcare costs. Therefore, a family perspective on the Offer and incentivisation is crucial and may necessitate a reassessment of the accuracy and effectiveness of mechanisms such as the X-Factor, which aim to adjust military pay to the potential advantages and disadvantages of Service life.

- Secondly, the findings confirm anecdotal evidence from the charity sector that the Offer's scope and concept remain poorly understood among personnel and military families. This confusion likely underpins, at least in part, the Offer's perceived erosion and relative degradation compared to civilian pay. While mechanisms such as regular reviews of the X-Factor and military pay by the Armed Forces Pay Review Body (AFPRB) are in place to ensure military pay is equitable compared to civilian roles, taking into account Service-specific hardships,¹¹⁰ this emphasises the need for clearer communication of the Offer's scope. It also indicates a value in pay comparisons between military and civilian occupations in a changing macroeconomic environment to provide transparency in discussions about the Offer's value.

Though some Service-related factors (e.g. limited partner-employment opportunities) were a prominent theme throughout the study relative to financial stability, uncertainties about particular dynamics surrounding military families' financial stability remain:

- Firstly, while the study uncovered some dynamics unique to the Armed Forces Community, given the direct link to the demands of Service life, differences between military versus civilian families' experiences and support needs remain poorly understood. For example, although the challenges with military families' childcare affordability and accessibility are well recognised, it is unclear how much these challenges reflect broader dynamics in providing childcare services in the UK versus how unique they are to the Armed Forces context. The exact nature of military-civilian differences in these and other issue areas needs better understanding to direct efforts and resources towards key areas of disadvantage for the Armed Forces Community.
- Secondly, it remains unclear what the levels of financial literacy and financial management skill are among Armed Forces personnel and military partners and how this shapes family financial stability. In particular, there appears to be a discrepancy between the stakeholder insights we collected and findings from international research (notably from Canada and the US) that indicate military personnel have better financial knowledge than civilians.¹¹¹ While research such as the US National Financial Capability Study confirmed the latter, stakeholders interviewed in this study repeatedly commented that the nature of military Service does not allow military personnel to build the same level of financial knowledge as civilian life would. Stakeholders also consistently raised the need for a comprehensive financial literacy

110 For the most recent review of the X-Factor, see Incomes Data Services (2014). For an overview of the AFPRB's reports on military pay, see AFPRB (2023).

111 FINRA Investor Education Foundation (2010), cited in Skomorovsky et al (2019).

education approach to support the financial stability of Service personnel and their families. However, our study did not objectively measure financial knowledge levels across the military population, and the differences between international research findings and perceptions of stakeholders from the UK context require further investigation. However, they may be based on differences in levels and structure of financial literacy education in the US, Canada and the UK, indicating that comparing relevant programmes could support advances in UK policy and support for Service personnel.

Moreover, while the financial implications of some elements of Service life (e.g. mobility) appear persistent, the dynamics around family financial well-being are rapidly evolving due to the cost-of-living crisis. While this study did not draw conclusive findings on how military families' financial well-being has evolved since the COVID-19 pandemic began, it indicated that current macroeconomic conditions are producing manifold challenging dynamics for military families. These conditions are only partially or indirectly driven by the COVID-19 pandemic, chiefly relating to living costs in the UK and overseas posting locations. Respondents' responses highlighted a pervasive sense of uncertainty among many families caused by a discrepancy between Service-based financial rewards and the pace of cost-of-living increases.¹¹² For some, the impacts of decreasing real wages (driven by the cost-of-living crisis) are exacerbated by financial shocks inherent in some elements of Service life, such as relocation or job/working pattern changes. Some respondents also perceived a continued erosion of the Offer, positing that the value of military Service relative to civilian employment is decreasing, particularly given the extensive barriers to partner employment.

These insights indicate that the impact of the cost-of-living crisis on military populations requires close monitoring to establish how impacts differ between military and civilian families. Alongside factors such as childcare accessibility, stakeholders also highlighted the need to understand the differences between military and civilian families regarding the impact of the cost-of-living crisis. Ongoing work across the charity sector should help address this gap and identify specific areas of disadvantage for the Armed Forces Community.

This study indicated that considerable finance-related support is in place in the UK to help mitigate the financial risk factors experienced by UK military families. However, as discussed in the following section, we identified various opportunities for strengthening the support landscape. Discussions with stakeholders reflected a need to strengthen 'upstream' interventions addressing the root causes of financial instability, such as limited financial literacy. This finding reflects broader debate within public health and other fields about the importance and long-term benefits of 'upstream' interventions.¹¹³ However, several opportunities emerged concerning 'just-in-time' interventions for maintaining a strong safety net for Armed Forces Community members facing financial instability, particularly awareness and accessibility mechanisms. This finding highlights the need for the military, veterans and families sector to maintain a collaborative, multi-stakeholder approach to supporting financial stability, combining evidence-based 'upstream'

112 The AFPRB considers the cost of living and wider economic circumstances in its annual reviews of military pay. See, for example, AFPRB (2022).

113 See, for example, Williams & Fullagar (2019).

and 'just-in-time' support provisions addressing the structural and immediate causes of military families' financial instability.

Building on this overarching discussion, Table 6.1 summarises the themes and sub-themes of each study aspect, and Section 6.2 presents the study recommendations.

Table 6.1 Summary of key findings

High-level theme	Sub-themes	Key findings from interviews and survey responses
Prevalence of financial instability (RQ1)	Perceived financial stability levels as a sum of income and financial resources	Survey results indicated that many families' financial stability (as a function of income and financial resources) is undermined by limited partner employment opportunities, forcing military families to rely on a single income. Survey respondents' comments indicated that the ongoing cost-of-living crisis has also negatively impacted families' ability to save or maintain their savings. Across perceptions of income and financial resources, survey respondents tended to have more negative views about their income/financial resource adequacy than its stability. However, many respondents also viewed their financial stability and resources positively.
	Military families' perceived resilience against financial shocks	Across the three sets of questions focused on perceptions of financial stability, respondents were least optimistic about their ability to recover from financial shocks. Though the survey did not explore the enablers or barriers of financial resilience, the findings may be partially explained by the impact of the cost-of-living crisis on family savings and perceptions that Service life undermined their ability to plan for potential financial shocks.
Impact of COVID-19 on military families' financial stability (RQ1)	The decline in financial stability during the COVID-19 pandemic	Many survey respondents reported experiencing significant financial hardship due to inflation, rising living costs or changed personal circumstances that led to spending changes (e.g. overseas relocation during COVID-19). Some participants among the partner population also reported experiencing greater hesitancy among civilian employers to hire members of military families, pointing to the negative impacts of COVID-19 on partner employment. Stakeholder interviewees predominantly discussed COVID-19's impacts on military families' mental health and well-being, with few discussing the pandemic's direct financial impacts on military families.
	Drivers of increased financial stability since the COVID-19 pandemic	For some Armed Forces Community members (particularly partners of Serving personnel), COVID-19 improved employment opportunities and reduced expenditure associated with commuting. Some respondents noted that their financial stability also improved due to personal circumstances not directly linked to the pandemic (e.g. through inheritance).

High-level theme	Sub-themes	Key findings from interviews and survey responses
Factors enhancing financial stability (RQ2–3)	The Offer's strengths and scope	Interviewees suggested that the comparative strength of the Armed Forces Offer relative to civilian compensation is a critical Service-related factor for military families' financial stability. Interviewees considered military pay relatively stable, providing job security for the military population. Survey respondents and interviewees alike considered the Armed Forces pension a significant positive, and both groups highlighted access to subsidised housing and military allowance schemes as positive factors for families' financial well-being.
	Opportunities associated with military employment	A minority of interviewees discussed opportunities available to Service personnel through upskilling, enhancing or gaining new qualifications, potentially supporting the long-term financial stability of personnel and their families. Such opportunities include gaining post-Service qualifications through subsidised training and education. These interview comments suggest that military Service may provide more significant opportunities for upward social mobility.
	Support provision for the Armed Forces Community	Interviewees noted that the Armed Forces Community has access to a superior range of support services than the civilian population, sometimes tailored to the military population's needs. This support provides an additional safety net for Service personnel and their families. However, the survey did not test/measure support provisions for personnel and military partners, and few respondents discussed accessing statutory or charitable support in their qualitative comments.

High-level theme	Sub-themes	Key findings from interviews and survey responses
Factors undermining financial stability (RQ2–3)	Erosion and limitations of the Offer	A narrative emerged from survey responses concerning the Offer's perceived erosion and reduced value compared to civilian compensation. Some survey respondents reflected on perceived decreases in real pay in the Armed Forces and how the advantages of military compensation failed to outweigh the disadvantages. Survey respondents also pointed to various gaps in allowance schemes that may cause financial hardship for families, particularly during overseas postings or when personnel must commute long distances to their place of work.
	Quality of Service accommodation	Both interviews and the survey findings pointed to financial costs that arise for families from the poor quality of Service accommodation. While the availability of subsidised accommodation is viewed positively among the military and partner population, some families carry the costs of neglected investment in Service accommodation – particularly high energy bills due to poor insulation – and other factors.
	Financial risks stemming from frequent relocation and separation	Beyond challenges associated with partner employment (discussed further below), survey respondents highlighted childcare accessibility and affordability, out-of-pocket expenses for covering Service-life circumstances (e.g. relocation) and separation as significant factors undermining families' financial stability. Survey respondents' qualitative comments highlighted the many hidden costs of frequent relocation and separation (e.g. need to maintain two households), affirming the risk factors identified in international literature.
	Financial literacy and behaviours	Though the study survey did not examine financial literacy among personnel and partners, stakeholder interviewees frequently discussed these factors. The interviews indicated that UK military populations are perceived to have generally lower financial literacy levels, potentially undermining their long-term ability to manage personal and family finances, particularly after transitioning to civilian life. Interviewees also suggested, anecdotally, an increased prevalence of risk-taking behaviours such as gambling among Service and ex-Service personnel.
	Demographic risk factors	Extant international research suggests that younger and ethnic minority personnel are at higher risk of financial instability. Our survey analysis confirmed this somewhat, but interviews provided more nuanced views on age- and ethnicity-based risk factors. While younger personnel without families may have higher levels of disposable income, Service families with children may face more significant financial stressors (e.g. due to the costs of childcare). Interviewees also indicated that families posted in remote areas or overseas might be at higher risk of financial instability due to such postings' hidden costs.

High-level theme	Sub-themes	Key findings from interviews and survey responses
Impact of Service on partner employment (RQ2–3)	Barriers to partner employment and career growth	Partner employment was the dominant factor perceived as undermining UK Service families' financial stability. Survey respondents highlighted frequent location moves, the Serving spouse or partners' long or unpredictable working hours, and childcare unaffordability as key barriers to finding or maintaining employment. Some survey respondents commented that despite securing jobs (and thus a second income for their family), Service life had constrained their career growth, limiting future or long-term improvement in their financial well-being.
	Implications of limited partner employment for family finances and well-being	Though the study explored how Service life may shape partner employment, qualitative comments made by survey respondents pointed to significant long-term consequences of reduced opportunities for employment and career growth among military partners. Themes captured in these comments included the constraints military partners have in developing a career identity, the personal and relationships-level impacts of being financially dependent on the Service person, the long-term effects of limited employment (incl. after a Service person transitions to civilian life), and the implications of partner employment on perceived family roles, relationship dynamics and marital health.

High-level theme	Sub-themes	Key findings from interviews and survey responses
The support landscape (RQ4–5)	Characteristics of the support landscape	Military families have access to finance-related support through mechanisms tailored to the needs of the Armed Forces Community and those accessible to the military and civilian population. Military-focused mechanisms include those aimed at supporting effective financial behaviours (e.g. advice on financial management, debt management, and pensions and allowances), services providing a direct financial value to the beneficiary (e.g. grants and loans), and mechanisms not explicitly finance-related but consequential for financial well-being (e.g. housing and employment support).
	Strengths of existing support	Consulted stakeholders were positive about the breadth of the support landscape, particularly recognising advancing support addressing the root causes of financial instability and reducing families' reliance on direct financial support in the long-term. Additionally, interviewees noted improving that coordination between different support providers has been improving in recent years.
	Gaps and limitations	The study identified several limitations, gaps and challenges for the support landscape. While participants saw the breadth of existing support as positive, they considered the landscape cluttered and fragmented. Additional issues include limited or poor communication with the partners of Serving personnel, inconsistent gatekeeper expertise on finance-related issues, and persistent concerns about access to affordable childcare. Potential gaps include finance-related support for military partners, overseas families and non-UK personnel and families, the wounded and sick, and recent Service leavers.

Source: RAND Europe analysis of survey and interview data.

6.2. Recommendations for policy and practice

While this study serves only as an exploratory analysis of UK military families' financial stability issues, the evidence and insights from stakeholders point to several priority avenues for improving existing policy and practice. The remainder of this section presents our recommendations in four broad categories:

1. Strengthen the overarching approach to enable and sustain military families' financial stability and implement cross-cutting enablers for the support landscape.
2. Build a comprehensive offer of financial literacy education for Serving personnel and their partners as part of the holistic transition policy.
3. Improve information provision about available support mechanisms to aid military families' financial management.
4. Address barriers to help-seeking and accessing support.

6.2.1. The overarching approach to support-provision and cross-cutting enablers

As discussed in Chapter 5, various mechanisms can support military families' financial stability. Several factors should be considered concerning the MOD, Armed Forces or charity sector's overarching approach to utilising and implementing these mechanisms:

- **Fostering partner inclusion in all policy-and-support aspects relating to Service personnel's financial stability and well-being:** As discussed in the previous section, military families' financial stability is a function of multiple factors managed by the Service person and their partner. Though implicitly expecting Service personnel and their partners to share responsibility for financial management, the Armed Forces' information provision and communication is often only directed at the Service person and fails to effectively include the family, undermining the partners' ability to manage the family finances and navigate relevant processes (e.g. allowances). Improving partner inclusion in communication and information-sharing could include targeted induction of new spouses and partners to Service life and provision of partner-oriented information about allowances and other aspects of Service life relevant to financial management.
- **Building awareness and understanding of the financial risks associated with Service life among relevant gatekeepers, career managers and the chain of command:** Since information provision and sign-posting happens via various gatekeepers, including regimental welfare officers, gatekeepers are essential in facilitating pathways supporting Service families' access to relevant tools and information to support their financial management. To strengthen these activities, the MOD or Armed Forces should ensure that a) critical financial risk factors and potential barriers to support and help-seeking are recognised and well understood by relevant gatekeepers, b) they are suitably trained to provide relevant support, and c) there is continuity in their posts to ensure sustainable support for Service families. The Services should also build a more in-depth and consistent understanding of the unique financial aspects of Service life (e.g. the financial implications of mobility and separation) among other actors, including career managers and chain of command, to ensure these actors' decision-making and direction is cognisant of potential financial implications and avoids imposing undue financial risk on military families.
- **Facilitating a better understanding of Service families' experiences of financial stress and disadvantages for the Armed Forces Community compared to the civilian population:** While this study identified various drivers of financial stress among military families, further work is necessary to understand when and in what circumstances families experience financial stress or crises and how they navigate these events. A key consideration is where and how families access support, what challenges or barriers they encounter in this process, and how experiences of financial stress differ between military and civilian families. This issue needs a better understanding to effectively prioritise support on key areas of disadvantage or address critical barriers to support. A particular factor to consider should be the financial implications of military career management, including the financial impact of frequent relocation and separation, which remain poorly understood in the UK context.
- **Embedding work to improve policy and practice within the MOD Armed Forces Families Strategy through a dedicated Finance workstream:** MOD support to Serving military families is guided by the MOD Armed Forces Families Strategy and corresponding annual Armed

Forces Families Plans.¹¹⁴ The Families Plans are structured around nine workstreams set out in the Strategy. Currently, financial issues are not represented as a dedicated workstream, and it is unclear how financial hardship experiences, financial impacts of Service life or potential barriers to accessing relevant support are managed within the strategy and annual plans. Therefore, we recommended adding a new Finance workstream to the Families Strategy to further embed finance-related issues in relevant policy work. Alternatively, the MOD should represent financial issues better within the existing strategy workstreams, particularly the Family Life workstream focusing on families coping with deployment, mobility and separation.

6.2.2. Financial education

Financial literacy emerged as a critical enabler of the financial well-being and sustained financial stability of Service personnel and their families during this study. Though research on the role of financial literacy in military-to-civilian transition is sparse, financial literacy is considered essential for ensuring military personnel and their families transition well into civilian life.

Though this study did not examine specific strategies and best practices for providing financial education to military personnel and their partners, existing research and stakeholder consultations highlighted that the MOD and Armed Forces should:

- **Ensure that financial education is career-long, initiated early in a Service person's career, and embedded into existing training structures (e.g. basic-, second-phase and Officers training).**
- **Ensure that relevant resources and training are accessible to Service personnel's partners rather than the Service person alone.**¹¹⁵
- **Focus education and training provided by the MOD and single Services on those financial management aspects that need to reflect the unique nature of Service life** (e.g. guidance on accessing allowances).
- **Work with civilian-support providers to raise awareness about the Armed Forces Community's unique needs and provide access to schemes and programmes about general financial management** (e.g. financial planning, saving and recognising predatory financial services). This effort could include working with employers signed up to the Armed Forces Covenant to raise awareness of the financial aspects of Service life and military-to-civilian transition and encourage employers to support their ex-Service employees in accessing relevant schemes and programmes.

The latter two points highlight that MOD and single Services time and resources should prioritise financial education aspects that need tailoring to the Armed Forces population. Aspects relating to general financial management, where the Armed Forces Community's needs are similar to the civilian population's, can be addressed via signposting to external support providers and ensuring

114 See, for example, the Armed Forces Families Plan 2022 (MOD 2022d).

115 While stakeholders indicated some resources and training are already accessible to partners, only a minority are provided/signposted to by the MOD and single Services.

its accessibility for the Armed Forces Community. Alongside the other principles outlined above, this strategy could be embedded into the design of new interventions (e.g. the MOD's planned Life Skills Package) or support the improvement of existing training offers (e.g. financial aspects of resettlement briefings offered by the CTP).

6.2.3. Information provision

Alongside financial education and training, military families can be given significant support via information sharing and signposting to navigate financial matters. Although the Armed Forces and charity sector already provide many information-provision and signposting functions, this study noted possible improvements to maximise information access and uptake through the following actions and principles:

- **Ensuring continuous information provision via an accessible format to Service personnel and their partners:** Stakeholders consulted in the study recommended improvements to several aspects of information provision to Service personnel and partners. Firstly, information should be accessible, including using accessible language (e.g. avoiding military jargon) and formats (e.g. utilising digital resources and websites on and outside of MODNET while accounting for potential restrictions on internet access and other sources of digital exclusion) to ensure personnel and partners can engage with and act on key information to safeguard their financial management and well-being. Stakeholders also identified a need to improve information provision about allowances and how they are calculated and accessed. Secondly, communication should be maintained continuously to emphasise the relevance of sound financial management throughout a Service person's career and to encourage Service personnel to actively participate in relevant education and training opportunities. Thirdly, the MOD and single Services should ensure the timely communication of vital information, e.g. changes in policy or allowances, to personnel and their families to keep them informed about policy and other organisational changes that may impact their finances.
- **Exploring creating a family-accessible information portal to centralise direct information provision for family members:** Stakeholders consulted in the study highlighted that the MOD and single Services frequently provide information related to financial management (e.g. information about policy changes or allowance access) via avenues not always accessible to partners. As a family's financial management is often shared between a Service person and their partner or entirely undertaken by a partner, information provision for military partners needs improving, particularly regarding MOD and Armed Forces policies and processes. This improvement could comprise a tri-Service family-focused information portal providing a central mechanism for family-oriented information-sharing. Existing information-sharing tools, such as some single Service apps, could be scaled or built upon for this purpose.
- **Facilitate resource-sharing among stakeholders about available support mechanisms:** The study indicated gaps in stakeholders' understanding/knowledge of the support available to Service personnel and their families. While some actors have developed or are developing bespoke resources for signposting families to available support (e.g. via information leaflets or lists of support providers), they do not generally appear to share them with others. This disconnect risks conflicting stakeholder information or duplicate efforts. The sector would therefore benefit from developing processes or tools facilitating more consistent resource

sharing, e.g. establishing a 'finance working group' or a new cluster in the Confederation of Service Charities (Cobseo).

6.2.4. Barriers to help-seeking and accessing support

In addition to the recommendations outlined above, stakeholders should consider three factors to ensure beneficiaries can access available support of benefit to the community:

- **Understanding and mitigating potential stigma and barriers to financial-stress-related help-seeking:** Although the current study did not address potential help-seeking barriers that personnel and partners experiencing financial hardship might encounter, it indicated that such barriers exist. They stem partly from the cultural stigma around poor financial management and broader cultural factors inhibiting help-seeking. Support provision should therefore be informed by existing and emerging research from other areas (e.g. health and well-being, stigmatisation of welfare and accessibility of the benefits system¹¹⁶) to be cognisant of potential socio-cultural and organisational barriers to help-seeking. At the same time, stakeholders should work to identify any unique barriers to accessing support around financial hardship.
- **Understanding and addressing financial risks and support needs of families located overseas:** Stakeholders consulted in the study shared a concern about the particular financial risks and support needs of families posted overseas. While overseas families often face greater complexity when navigating the financial aspects of Service life (in this case, particularly relocation), they may also face barriers in accessing relevant support when in need. While the MOD, single Services and non-statutory support providers should already consider how this cohort of families' needs are being addressed, further research may be needed to build a more robust evidence base supporting future policy and practice improvement.
- **Ensuring consistency of information-sharing and support pathways across all of Defence:** While information and support provision may not be explicitly limited, Service personnel and their families can face disproportionate challenges and barriers in accessing support depending on their circumstances, including the geographic area of their posting. To avoid placing personnel and their families in a 'postcode lottery', the MOD and single Services should ensure that information and pathways to support are, to the extent possible, equally accessible to all segments of the Armed Forces.

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See, for example, Scullion et al. (2018), Scullion et al. (2019) and Randles & Finnegan (2022).

6.3. Avenues for further research

As noted throughout this report, this study provided an initial exploratory analysis of the issues around military families' financial stability. We hope its findings support a broader research agenda on the UK Armed Forces Community's financial stability, resilience and well-being, identifying three future-research priorities based on stakeholder discussions:

- Firstly, targeted research is needed to **explore ex-Service personnel's financial stability and the financial aspects of the military-to-civilian transition**. While this study did not exclude ex-Service personnel, only a small sample participated in the survey research, which focused more on Service life's immediate impacts on Serving personnel and families. Further work is therefore needed to explore the ex-Service population's financial stability, the risk factors most relevant to this cohort, and how financial well-being evolves as part of the military-to-civilian transition (particularly the resettlement stage).
- Secondly, stakeholders highlighted the importance of **identifying similarities and differences in financial literacy levels and financial stress experiences between the Armed Forces Community and the civilian population**. This activity will likely require a quantitative approach to produce statistically relevant insights on dynamics unique to the military context and areas of disadvantage for the Armed Forces Community. It may require a combination of new data collection strategies, particularly for measuring financial literacy levels and comparing insights against existing data sources on the civilian population.
- Thirdly, the MOD should help **build a stronger evidence base on childcare accessibility and affordability among the Armed Forces population**. This should take stock of the current state of play regarding childcare access and affordability, (emerging) impacts of the WAC scheme and other initiatives, those initiatives' potential barriers to access or uptake, and Serving families' broader needs regarding childcare, including those unique to military versus civilian families.

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