

# Insights: Financial Capability

May 2026

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## The Financial Resilience of U.S. Veterans

### Summary

Financial resilience is the ability to withstand and recover from unexpected life events that disrupt one's income or assets without lasting damage ([O'Neil & Xiao, 2011](#)). While estimates vary, about one-third of adults lack financial resilience, with certain populations reporting even lower levels.

The financial well-being of U.S. military veterans is an important but relatively understudied issue. While studies suggest veterans have higher levels of financial capability than non-veterans ([Mottola & Skimmyhorn, 2019](#)), they still identify gaps within the veteran population, making it unclear whether veterans tend toward financial resilience or how their financial resilience has changed over time.

Using data from the 2018, 2021 and 2024 waves of the State-by-State National Financial Capability Study, this research primarily focuses on understanding financial resilience levels in 2024. Specifically, we examine: (1) the financial resilience of the U.S. adult population overall; (2) how financial resilience varies across veterans and non-veterans; (3) how financial resilience varies *within* the veteran population; and (4) how financial resilience has changed over a six-year period that spanned the COVID-19 pandemic for both veterans and non-veterans.

We find that in 2024 one-third of all U.S. households lacked financial resilience. For veteran households, the odds of being more financially resilient are about 20 percent greater than for non-veteran households, even after controlling for important demographic variables. However, from 2018 to 2024, we find that the financial resilience of veteran households decreased somewhat, while that of non-veteran households remained fairly stable, albeit lower than veterans, during the same time period.

## How We Define Financial Resilience

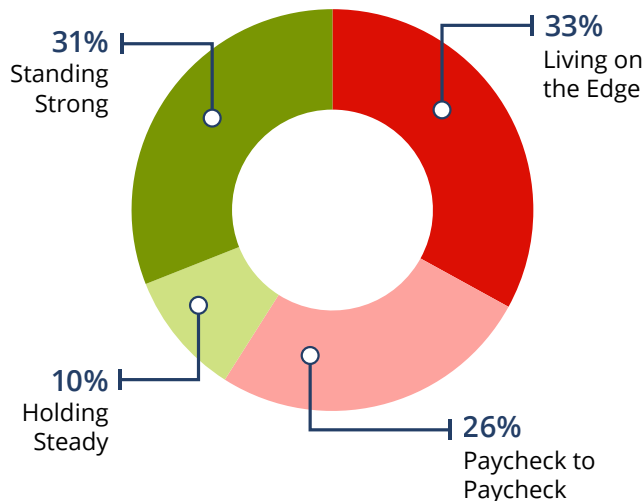
There is no one, agreed-upon definition of financial resilience. Our operational definition combines *seven indicators* of financial capability (in bold below) that we believe collectively capture a household's financial resilience:

- ▶ **Financial literacy (1)**, which indicates financial knowledge, might aid in navigating complex financial situations.
- ▶ Assets such as **retirement accounts (2)**, **home equity (3)** and **emergency savings (4)** provide a cushion for economic strain.
- ▶ **Income volatility (5)** and **debt (6)** can reduce the extent to which people are able to recover, which has a negative effect on resilience.
- ▶ **Health insurance (7)** coverage is a central indicator of the ability to recover if the crisis in question results in medical costs.

## Financial Resilience of U.S. Households Overall<sup>1</sup>

The analysis revealed four distinct financial resilience segments based on the responses to the 2024 NFCS (Figure 1):

**Figure 1. Financial Resilience Segments—All U.S. Adults**



**Living on the Edge (33%):** Minimal financial resources, low financial literacy, substantial economic vulnerability.

**Paycheck to Paycheck (26%):** Moderate financial challenges, limited financial buffers.

**Holding Steady (10%):** Moderate financial stability, balanced financial approach, some financial preparedness, though potential vulnerabilities.

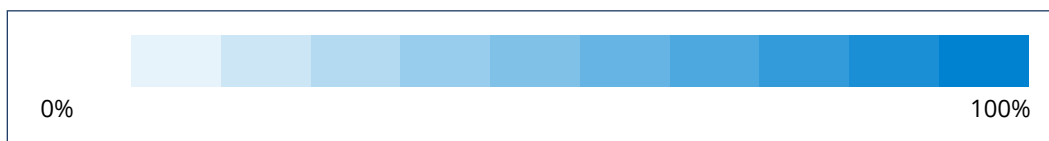
**Standing Strong (31%):** Exceptional financial preparedness, high financial literacy, substantial assets

<sup>1</sup> Data from the 2018, 2021 and 2024 NFCS waves were combined, and Latent class analysis (LCA) was used on this combined dataset to identify distinct financial resilience segments. The wave-specific statistics reported in the brief are based on the responses from the specified wave. The output from the LCA is available upon request.

The indicators of financial resilience vary across the segments. As seen in Figure 2, there is a particularly pronounced gradient for emergency savings (only 5 percent report emergency savings in the lowest resilience segment compared to 95 percent in the highest) and financial literacy (11 percent exhibit high financial literacy in the lowest resilience segment compared to 67 percent in the highest). Other indicators—such as the proportion of adults with retirement accounts or who own a home—differ across segments but not in a linear fashion. These differences underscore the multifaceted nature of financial resilience.

**Figure 2. Financial Characteristics of the Segments in 2024—All U.S. Adults**

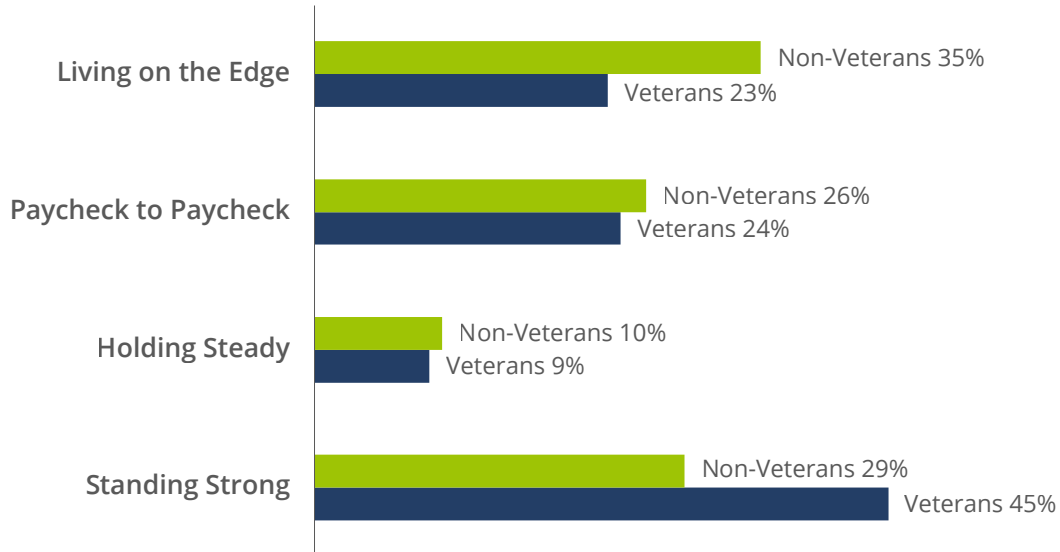
	Living on the Edge	Paycheck to Paycheck	Holding Steady	Standing Strong
High Financial Literacy	11%	35%	19%	67%
Low Income Volatility	56%	60%	63%	80%
Low Debt	55%	17%	100%	95%
Has Emergency Savings	5%	25%	100%	95%
Own a Retirement Account	11%	93%	34%	100%
Own Their Own Home	25%	67%	41%	92%
Has Health Insurance	75%	96%	89%	100%



### Financial Resilience of Veterans and Non-Veterans

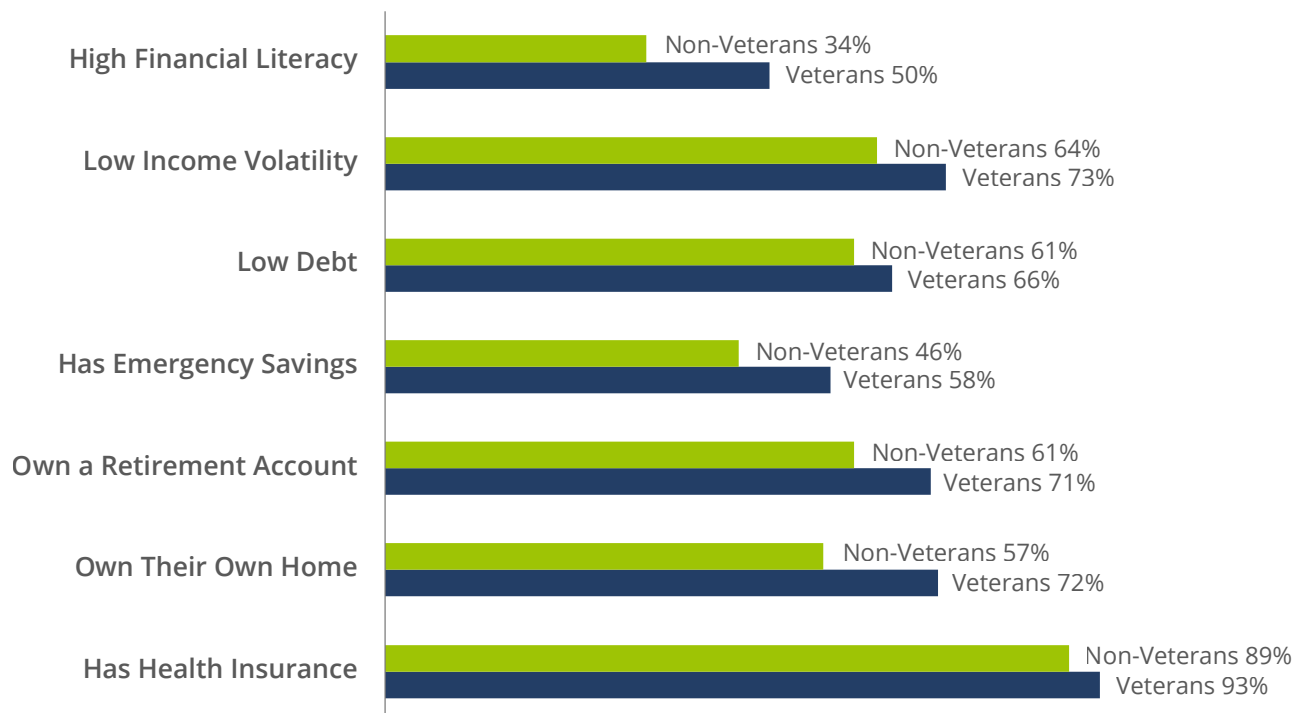
There are pronounced differences in the financial resilience of veterans and non-veterans (Figure 3). Veterans demonstrate a markedly different distribution across financial resilience segments, with a notably higher proportion in the Standing Strong categories compared to the non-veterans. Specifically, 51 percent of veterans fall into these more resilient categories, compared to 40 percent of non-veterans. Conversely, fewer veterans occupy the most vulnerable segment, Living on the Edge. The distribution is indicative of the unique financial characteristics of veterans and suggests that military service might provide distinctive financial preparation and resilience-building experiences.

**Figure 3. Financial Resilience Segments in 2024—Veterans and Non-Veterans**



As seen in Figure 4, veterans consistently outperform non-veterans across multiple financial resilience indicators. For example, there are substantial differences in financial literacy (50 percent for veterans and 34 percent for non-veterans), emergency savings (5 percent for veterans and 46 percent for non-veterans) and home ownership (72 percent for veterans and 57 percent for non-veterans).

**Figure 4. Financial Resilience Indicators in 2024—Veterans and Non-Veterans**



### Demographic Differences of Veterans and Non-Veterans

Veterans have demographic characteristics that potentially contribute to their financial resilience (Figure 5). Compared to non-veterans, the average veteran is significantly older, with a mean age of 60 years compared to 48 years for non-veterans, suggesting that age and life experience may play crucial roles in financial development. Veterans are also more likely to have higher incomes (66 percent compared to 56 percent) and less likely to have dependents (29 percent compared to 35 percent) and to report being unemployed (4 percent compared to 8 percent).

**Figure 5. Demographics—Veterans and Non-Veterans**

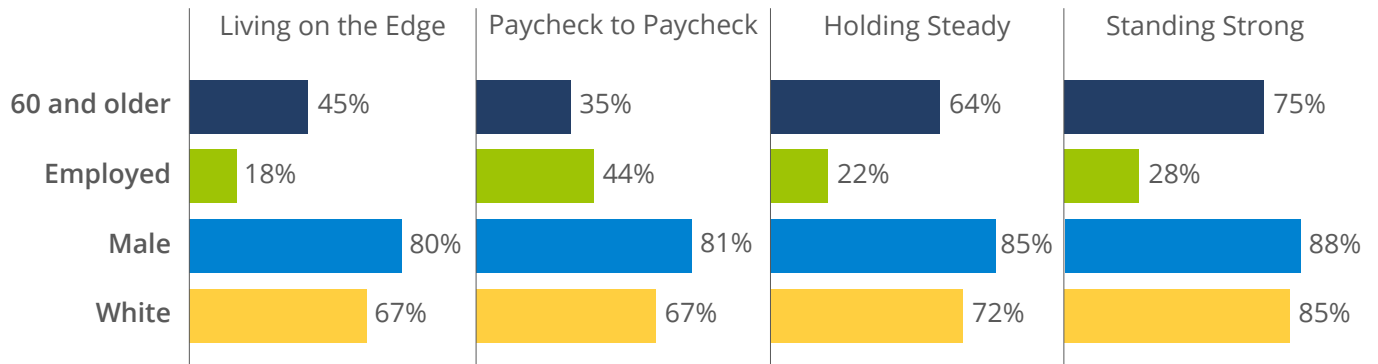
	Veterans	Non-Veterans	Difference (percentage points)
<b>Age (Mean)</b>	60 yrs.	48 yrs.	+12 years
<b>Male</b>	84%	44%	+40 pp
<b>White</b>	75%	71%	+4 pp
<b>Income &lt; \$50K</b>	66%	56%	+10 pp
<b>Married</b>	59%	45%	+14 pp
<b>Dependents</b>	29%	35%	-6 pp
<b>Unemployed</b>	4%	8%	-4 pp
<b>College Degree</b>	39%	38%	+1 pp

Importantly, using data across all waves, we found that the odds of being in the higher resilience segments compared to the Living on the Edge segment were about 20 percent higher for veterans than non-veterans, even after adjusting for age, race/ethnicity and gender.<sup>2</sup>

### A Closer Look at the Veteran Population

Veterans vary considerably in their financial resilience by their demographic characteristics (Figure 6). Looking at 2024, the less financially resilient segments are more likely to contain younger, non-white, female veterans. For example, 22 percent of the Living on the Edge segment are female compared to 11 percent for the Standing Strong segment. Similarly, 68 percent of the Living on the Edge segment are under 60 compared to 28 percent for the Standing Strong segment.

<sup>2</sup> Based on a multinomial regression. Regression output available upon request.

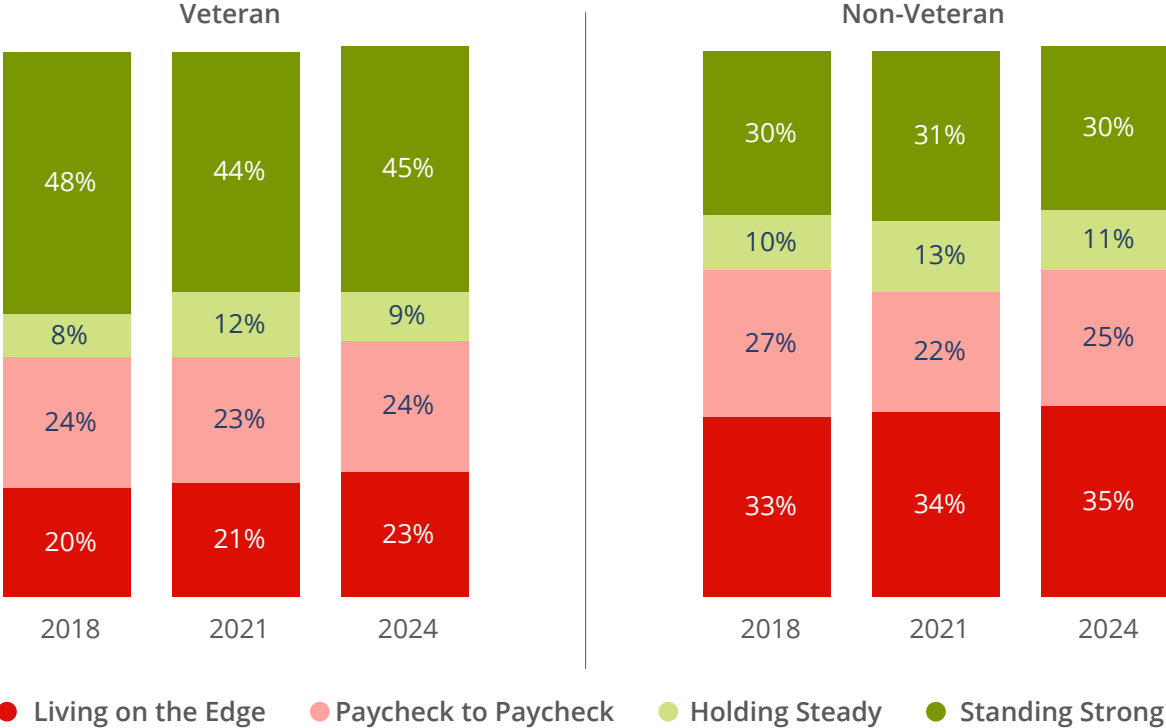
**Figure 6. Demographics of Financial Resilience Segments, among Veterans**

### Veteran Financial Resilience Over a Six-Year Period

As seen in Figure 7, the proportion of veterans in the Standing Strong segment decreased over time (48 percent in 2018 to 45 percent in 2024), while the proportion in the Living on the Edge segment increased (20 percent in 2018 to 23 percent in 2024). Taken together, this suggests that the financial resilience of veterans has decreased somewhat since 2018.

Comparatively, the financial resilience of the non-veterans was a bit more stable, though there were some changes in the bottom two segments. In particular, there was a slight increase in the Living on the Edge segment (33 percent in 2018 to 35 percent in 2024), suggesting decreasing financial resilience. Notably, from 2018 to 2021 the percentage of non-veterans in the Paycheck to Paycheck segment dropped (27 percent to 22 percent), suggesting an improvement in financial resilience. However, this was somewhat short-lived as the percentage of non-veterans in the Paycheck to Paycheck segment increased to 25 percent in 2024.

Figure 7. Financial Resilience Segments for Veterans and Non-Veterans—2018 to 2024



## Conclusion

This research reveals that U.S. veterans exhibit greater financial resilience than their non-veteran counterparts, with veterans being more likely to exhibit financial resilience even after accounting for demographic differences. The data show that veterans make up a larger share of the highest resilience categories—Standing Strong and Holding Steady—while comprising a smaller share of the most vulnerable segment, Living on the Edge. This advantage appears consistent across multiple financial indicators, including financial literacy, emergency savings, retirement account ownership and homeownership. However, the financial resilience of veterans decreased slightly from 2018 through 2024, a period that encompassed significant economic disruption from the COVID-19 pandemic.

Veterans, however, are not a uniform group, with meaningful variations in financial resilience across demographic subgroups. Younger veterans, female veterans and non-white veterans comprise a larger proportion of less resilient segments, indicating that targeted financial education and support may be particularly valuable for these groups.

These findings underscore two important points: veterans overall demonstrate considerable financial resilience, but specific groups within the veteran population face distinct vulnerabilities that should be better understood and addressed.

## Methodology

The brief uses data from the 2018, 2021 and 2024 NFCS State-by-State Survey. All statistics are unweighted. Respondents were classified as veterans if they indicated they had previously been a member of the U.S. Armed Services in an active or reserve component. The sample sizes for veterans and non-veterans were as follows: 2018 (veterans n = 3,055, non-veterans n = 24,036), 2021 (veterans n=2,704, non-veterans n = 24,276), 2024 (veterans n = 2,346, non-veterans n = 23,097). More information about the NFCS, including survey instruments, data sets, and detailed methodological information, can be found at [www.FINRAFoundation.org/NFCS](http://www.FINRAFoundation.org/NFCS).

## About the FINRA Foundation

The Financial Industry Regulatory Authority (FINRA) is a not-for-profit organization dedicated to investor protection and market integrity. It regulates one critical part of the securities industry—member brokerage firms doing business in the U.S. FINRA, overseen by the Securities and Exchange Commission, writes rules, examines for and enforces compliance with FINRA rules and federal securities laws, registers broker-dealer personnel and offers them education and training, and informs the investing public. In addition, FINRA provides surveillance and other regulatory services for equities and options markets, as well as trade reporting and other industry utilities. FINRA also administers a dispute resolution forum for investors and brokerage firms and their registered employees. For more information, visit [www.finra.org](http://www.finra.org).

The FINRA Investor Education Foundation empowers Americans with the knowledge, skills and tools to make sound financial decisions throughout life. Through a combination of research and educational programming, the FINRA Foundation helps Americans build financial stability, invest for life goals, and guard against fraud and financial exploitation. For more information about FINRA Foundation initiatives, visit [www.FINRAFoundation.org](http://www.FINRAFoundation.org).

The views expressed are those of the authors and should not be attributed to the FINRA Investor Education Foundation, FINRA, or any of its affiliated companies.

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