

Financial Literacy Test

Why is Measuring Financial Literacy Important?



Knowing how to manage money effectively has an impact on people's overall health, life satisfaction, and well-being. Financial literacy is vitally important for several reasons. First, the complexity of the financial landscape is growing rapidly, and so is the personal responsibility people must take for their own financial situations. Many individuals now have to manage their own retirement accounts, student and mortgage debts, online trading accounts, and more.

Second, financial literacy is essential because lacking money knowledge leads people to make mistakes on important financial decisions, which can have dire consequences. For example, [many American retirees report](#) not being as financially comfortable as they expected; and [credit card debt](#) has reached its highest point ever. Further, almost [25% of Americans](#) say they don't have anyone they can trust to ask for financial guidance.

As people struggle to navigate this increasingly complex financial world, the National Financial Educators Council is working to spread tools and resources at the community level that will help. One of the first steps is to assess the current state of financial literacy in the U.S.

The NFEC conducts multiple financial literacy tests and gathers survey data toward achieving that goal. Several government entities and financial services organizations also collect data on the status of financial literacy.

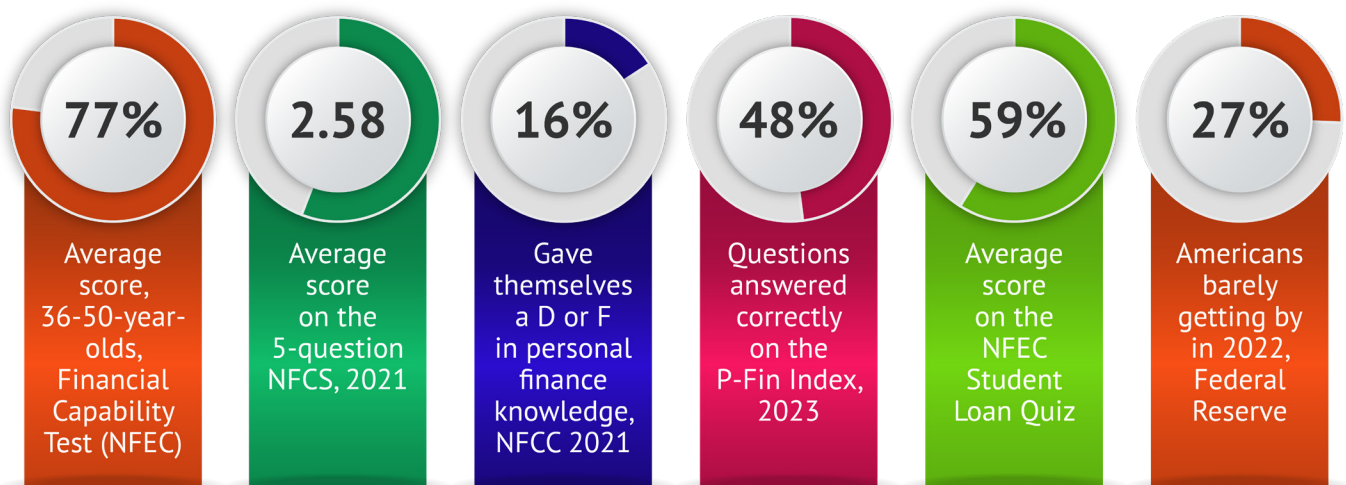
On this page, we compare some of those results in an attempt to paint a comprehensive picture of the financial literacy situation across the country. We update our statistics annually, and data from other sources as often as they are refreshed.



Financial Literacy Measured Across the U.S.

More than 100,000 people across the U.S. have completed the NFEC's 30-question National Financial Capability Test, which measures general knowledge of financial literacy and earning income. The average scores to date break down by age group as follows: 10-14 years old, 57%; 15-18 years old, 64%; 19-24, 71%; 25-35, 76%; 36-50, 77%; and 50+, 78%.

Financial Literacy Test Data in the U.S.



The NFEC also conducts an Advanced Financial Education Test that asks more difficult questions focused on financial literacy alone. Over 16,000 people across the country have taken the test to date, with an average score of 58%.

The NFEC's brief, 8-question Financial Foundations Decisions quiz evaluates people's ability to make entry-level financial decisions. The average score among the 34,091 participants so far has been 71%. Among those aged 15-18, the average score was 57.15%.

The NFEC is helping address the student loan crisis by conducting a 12-question test that measures students' ability to make responsible student loan decisions. The 10,512 people who have taken this test to date have scored an average of 59%.

The FINRA Foundation's [National Financial Capability Study \(NFCS\)](#) assesses financial capability using five brief questions that test people's knowledge of fundamental economic concepts. In 2021, 27,118 participants took the test and the average correct score across the five questions was 2.58 – down 14% from 2009.(1,2)

The National Foundation for Credit Counseling (NFCC) – The Harris Poll conducted a recent survey on behalf of the NFCC and Wells Fargo. [In 2021](#), they surveyed 3,250 U.S. adults 18+: 2,000 from the general population; 500 active service military; 250 military spouses; and 500 U.S. veterans. That year, the majority (56%) of the general population gave themselves an A or B in terms of their knowledge about personal finance, while 16% give themselves a D or F grade.(3)

The TIAA Institute-GFLEC Personal Finance Index is an ongoing project in its sixth year that assesses financial literacy among U.S. adults aged 18+ annually. The P-Fin Index consists of 28 questions that measure working knowledge related to financial situations encountered in the normal course of life. A total 3,503 people [took the test in 2023](#), answering an average of just 48% of the P-Fin Index questions correctly. That average has remained basically the same since 2017.(4)

The area where functional knowledge consistently remains lowest is in comprehending risk. In 2023, these questions were answered correctly 35% of the time.

The area of highest functional knowledge in 2023 was borrowing and debt management, with 58% of those questions answered correctly.

Financial literacy is higher among men vs. women and among those with higher education, some financial education vs. none, higher incomes, and those who are employed.

People with low levels of financial literacy (answered 7 or fewer questions correctly) were 4 times more likely to have difficulty making ends meet and 4 times more likely to lack emergency savings to cover one month of expenses.

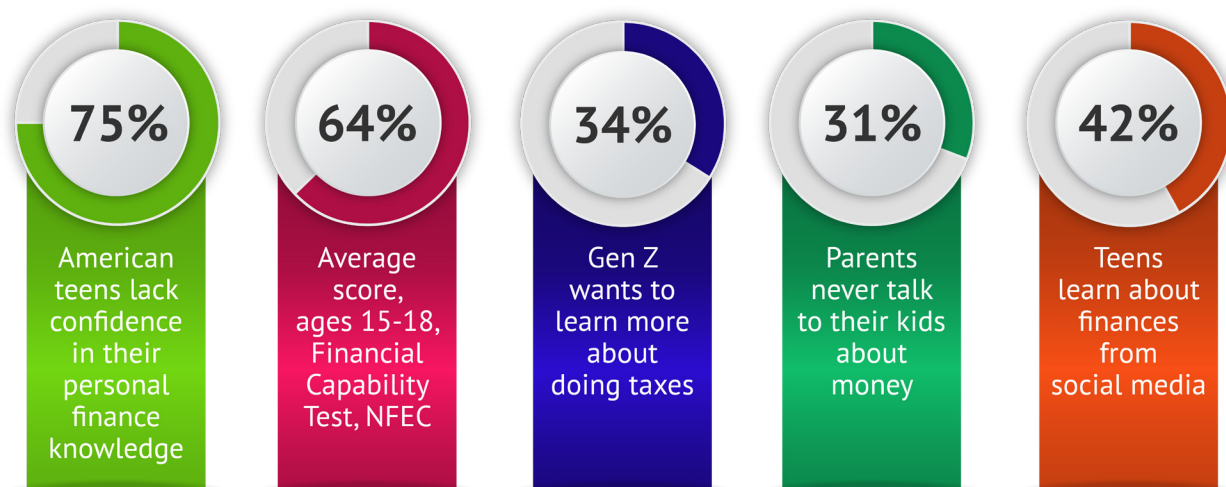
The Federal Reserve System has assessed the [Economic Well-being of U.S. Households](#) each year since 2013. This survey of American adults aged 18+ had 11,775 participants in 2022. That year, 27% of respondents said they were “just getting by” or “finding it difficult to get by.”(5)



Financial Literacy Among Youth and Teens

Financial education is essential to preparing today's young people for the real-world decisions and life situations they'll encounter tomorrow. But how well is America teaching its youth those valuable real-life skills?

On the NFEC's National Financial Capability Test, the average score among teens aged 15-18 was 64.21%.



CNBC conducted its [Momentive Poll](#) called Financial Literacy 2022, finding that while 83% of Americans say parents are responsible for teaching their children about money, 31% say they “never” talk to their children about household finances.(6)

According to [Investopedia](#), 34% of Gen Z in 2022 said doing their taxes was the most important financial skill they could learn today.(7)

Greenlight collected data through ResearchScape between March 18 and March 20, 2022 with 1,096 U.S. teens aged 13-18 and their parents.(8) They found that:

93% of teens believe they need financial knowledge to reach their life goals.

Teens ranked how to manage money as the #1 most valuable lesson they will learn from working.

Parents and teens alike are experiencing financial anxiety.

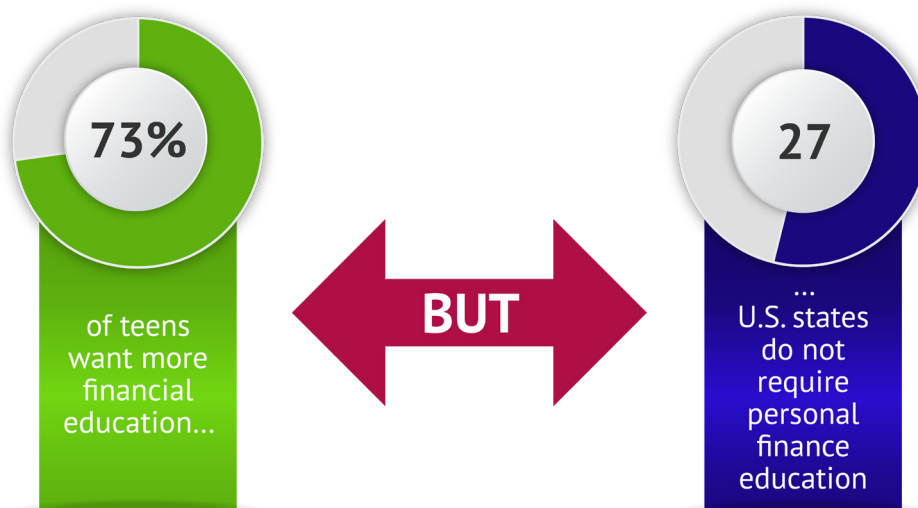
36% of parents and teens say they are budgeting more due to inflation and rising costs.

The Council for Economic Education conducts its [Survey of the States](#) every two years to highlight how many states in the U.S. require students to take personal finance classes.(9) In 2022, they found that:

25 U.S. states require students to take a course in economics to graduate (no change since 2020).

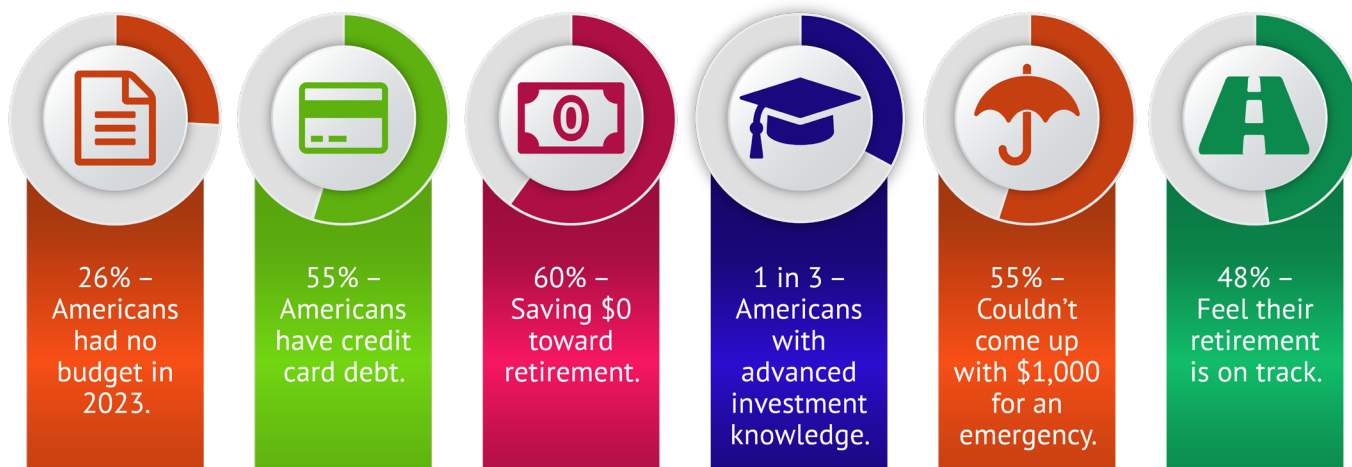
23 U.S. states require students to take a course in personal finance to graduate (+2 since 2020).

Of the states where a high school personal finance course is required, 10 require a standalone course while the other 13 have the required coursework integrated into another subject.



More Highlight Statistics about Financial Literacy

Following are some additional highlights from the surveys cited above and others that help indicate the current state of financial literacy in the U.S.



National Foundation for Credit Counseling (NFCC) 2021 Financial Literacy and Preparedness Survey

56% of the general population did not have a budget in 2021.

47% of American households report having credit card debt, and 38% carry credit card balances month-to-month.

About one-third (34%) of Americans say that “just getting by financially” describes them completely or very well.

Almost a quarter (23%) of the general population are saving 0% of their household income a year toward retirement.

However, 75% agree that they could benefit from some advice and answers to everyday financial questions from a professional.

Buying a home (18%), having to pay for health insurance or out-of-pocket healthcare or dental bills (18%), and buying a car (16%) were the three most popular events people wished they knew more about.

14% of the general population say they never discuss their finances with their spouse or partner.

Over a third (35%) agree that the way they and their spouse or partner manage money often leads to conflict.

Almost half (47%) of the general population carries credit card debt. Among those who have some type of debt, 26% have at least \$100,000 in debt.

62% of the general population report having some type of financial worry.



Investopedia polled 4,000 U.S. adults in its [2022 Financial Literacy Survey](#) to identify generational gaps in financial knowledge. According to their poll, although about 57% of U.S. adults are invested, only one in three say they have advanced investment knowledge.(7)

All four generations of U.S. adults (Baby Boomers, Gen X, Millennials, Gen Z) say avoiding fees and reducing debt are two of the most important financial skills they could learn more about.

FINRA 2021 National Financial Capability Study

Drops in financial capability measured on the NFCS between 2009 and 2021 were highest among the 18-29 and 30-39 age groups.

Between 2009 and 2021, the average proportion of “I don’t know” responses on the five financial capability questions increased by 21%, from 1.1 to 1.4.

The 2021 NFCS included a new question that assessed people’s understanding of probabilities. Only 36% of respondents were able to answer it correctly, which raises concerns because understanding probabilities helps you evaluate potential outcomes and risks related to financial decisions.

30% of respondents said they probably or certainly could not come up with \$2,000 to meet an unexpected need.

34% of participants said they spend equal to their income, and 19% said they are spending more than their income – representing a total of 53% living paycheck-to-paycheck.

69% of respondents aged 18-34 reported feeling anxious about their personal finances.

43% of 18-34-year-olds reported having any type of retirement account.

People with lower financial literacy were more likely to pay only the minimum amount on their credit card bills than those with higher financial literacy (46% vs. 25%).

Federal Reserve System – Economic Well-being of U.S. Households in 2022

17% of renters were behind in their rent as of 2022.

15% of borrowers were behind on their student loan payments in 2022.

31% of non-retired persons felt their retirement savings were on track.

18% of participants rated their local economy as “good” or “excellent” in 2022.

At the end of 2022, 73% of American adults were doing at least “okay” financially, while 19% were “just getting by” and 8% were “finding it difficult to get by.”

33% of American adults said their monthly income increased in 2022, but 40% said their monthly expenses had increased.

63% of adults said they would cover an unexpected \$400 expense with cash, down from 68% in 2021.



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