

# Summary Report

## Financial Literacy Survey

Prepared by Princeton Survey Research Associates International for  
the National Foundation for Credit Counseling

04.19.07

This report summarizes the main findings of a recently completed survey of 1,003 Americans conducted by Princeton Survey Research Associates International (PSRAI) on behalf of the National Foundation for Credit Counseling, Inc. (NFCC). The purpose of the survey was to establish a benchmark survey that identifies what Americans know about their finances and how receptive they are to professional financial advice and education. PSRAI conducted telephone interviews in English and Spanish with 1,003 members of the general public, between March 20<sup>th</sup> and March 28<sup>th</sup>, 2007.

For results based on the total sample, one can say with 95-percent confidence that the error attributable to sampling is plus or minus 3 percentage points. In addition to sampling error, readers should bear in mind that question wording and practical difficulties in conducting surveys can introduce error or bias into the findings of opinion polls. Below are key findings followed by a detailed analysis of the survey results.

### Key Findings

#### **Only a minority keep close track of expenses**

- Financial experts generally agree that having a household budget is sound financial management. But only a minority of Americans keep close track of what they spend on typical monthly expenses. And although a majority of the public has at least a somewhat good idea of where their money goes each month, more than two in 10 keep little or no track at all. Contrary to some stereotypes, how closely Americans manage their money does *not* vary by gender, age or income. Women are as likely as men, younger people are as likely as older people and lower income households are as likely as higher income ones to keep close track of what they spend.

#### **More get financial education at home than school**

- The findings suggest that learning about good financial practices may start at home. Nearly two-thirds say they learned about financial issues such as managing money, balancing a checkbook and building their savings in their home when they were growing up while less than half say they learned about managing money in school. And those who keep close track of expenses are more likely to say they learned a great deal about financial issues in their home compared with those who are less vigilant.

#### **Younger Americans, Blacks, Latinos and Southerners most interested in financial education and advice**

- Regardless of where Americans learned about responsible financial practices, three in 10 say they are interested in learning more about financial issues or seeking professional advice in the next year. This is particularly true of Americans age 18 to 29, blacks and Latinos and people living in the South. The source the public would most likely turn to for low-cost, reputable assistance is financial advisors or planners and banks or brokers, followed by credit unions, accountants, credit counselors and employee-assisted programs. A notable one-third of the public, however, simply do not know where they would turn.

### **Sizable minority pay less than full amount on credit cards every month**

- One area that some Americans might want to learn more about is how to handle their credit card debt. Roughly four in 10 credit card holders say they do not or cannot pay the full amount due every month on the credit card they use most often. This is particularly true of younger Americans, blacks and Latinos and lower income Americans. On the plus side, a majority of credit card owners report that they usually pay the full amount rather than incur interest and finance charges.

### **Less than half check their credit history**

- As new threats of identity theft surface, financial experts recommend that consumers check their credit history at least once a year. Yet, less than half of Americans have ever ordered their credit report. On a positive note, the majority of people who have ordered their credit report have done so at least every couple of years and say they understood their report. Notably, those who know they can get their credit report for free every year are twice as likely to order it and order it more frequently.

### **Important to discuss major purchases before buying**

- Despite a lack of fiscal discipline in some areas, a large majority of the public—especially younger consumers—believe it is important to discuss the financial aspects of major purchases, such as a house or car, with a trusted professional, friend or relative before buying. And guidance is likely to come from family, as the public is most likely to turn to a spouse, a parent or other relative when seeking advice about their finances.

### **More than one-third received professional advice**

- In addition to talking to family and friends before making a major purchase, more than one-third of the public have sought advice from a professional financial advisor. More than half say the advice was provided by a financial advisor or planner. About one in 10 saw a credit counselor, ranking about even with accountants, banks or bankers and credit unions.

### **Some familiar with the NFCC and CCCS—more know about CCCS**

- One-quarter of the public is familiar with Consumer Credit Counseling Services (CCCS) but fewer know about the National Foundation for Credit Counseling (NFCC). People who more closely monitor and track their expenses are more likely to be familiar with CCCS and the NFCC.

### **Classroom, one-on-one approach favored; some interest in a variety of incentives**

- When asked what kind of setting would suit them best when learning about financial issues, one-third of the public prefer a traditional classroom or seminar setting while nearly as many favor a one-on-one approach. There are a range of incentives that people say would motivate them to learn more about financial issues, such as reduced insurance on a car or home, reduced mortgage points, a free savings or checking account, reduced interest on a credit card and reduced interest on a loan. A large minority say support groups and 24/7 access are important, and at-work financial education would be helpful. Blacks and Latinos, as well as younger Americans, are more likely to be interested in incentive programs, support groups and around-the-clock availability and at-work financial education.

# Topline Report

## Financial Literacy Survey

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n = 1003 adults 18 and older  
Field Dates: 3.20.2007 – 3.28.2007  
Margin of Error = ±3% for results based on full sample

4.10.2007

Q1. Which of the following best describes how you manage your money?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
I have a budget and keep close track of how much I spend on such things as food, housing and entertainment	39%
I have a somewhat good idea about how much I spend on such things as food, housing and entertainment, but I don't keep strict track of my spending on these things	36%
I don't have a good idea how much I spend on such things as food, housing and entertainment, but I keep track of my overall spending and try to stay within certain limits that I've set for myself	15%
I don't have a good idea how much I spend on such things as food, housing and entertainment, and I often don't keep track of my overall spending	7%
Don't know	2%
Refused	1%

Q2. Just so we know which questions to ask, can you tell me how many people, including yourself, live in your household?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
1	18%
2	33%
3	18%
4	17%
5	10%
6	3%
7	1%
8	*
9	*
12	*
15	*
Don't know	-
Refused	*

Q3. How would you describe how things are run in your household?

*Based on respondents with more than one person in the household*

UNWEIGHTED BASE	794
WEIGHTED BASE	822
I am usually the person who makes the financial decisions including how money is spent in my household	22%
I share in making financial decisions including how money is spent in my household	66%
I am not involved at all in any financial decisions including how money is spent in my household	11%
Don't know	1%
Refused	*

Q4. Do you have one or more credit cards?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Yes	66%
No	33%
Don't know	*
Refused	1%

Q5. Now thinking about the credit card you use most often, do you usually pay the full amount due every month, pay less than the full amount but more than the minimum amount, pay the minimum amount, pay less than the minimum amount, or are there times when you can't make a payment?

*Based on respondents who have one or more credit cards*

UNWEIGHTED BASE	721
WEIGHTED BASE	665
Pay the full amount	59%
Pay less than full amount but more than minimum	32%
Pay the minimum amount	5%
Pay less than the minimum amount	*
Sometimes can't make a payment	1%
Don't know	2%
Refused	1%

Q6. To the best of your knowledge, what is the interest rate on the credit card you use most often—less than 10%, 10% to less than 15%, 15% to less than 20%, more than 20%, or aren't you sure?

*Based on respondents who have one or more credit cards*

UNWEIGHTED BASE	721
WEIGHTED BASE	665
Less than 10%	30%
10% to less than 15%	19%
15% to less than 20%	14%
More than 20%	7%
Don't know	29%
Refused	1%

Q7. Do you currently own your home?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Yes	66%
No	34%
Don't know	*
Refused	*

Q8. Here are some reasons people give for why they do not own a home. Which of the following best describes your situation?

*Based on respondents who do not own a home*

UNWEIGHTED BASE	245
WEIGHTED BASE	336
I don't think that I can afford a home	27%
Owning a home doesn't fit my current lifestyle	19%
I am in the process of saving for a home	24%
I don't know enough about owning a home to consider it	18%
Other (SPECIFY)	5%
Don't know	4%
Refused	2%

Q9. Do you currently have a home mortgage of any type?

*Based on respondents who own a home*

UNWEIGHTED BASE	753
WEIGHTED BASE	659
Yes	53%
No	46%
Don't know	*
Refused	1%

Q10. Thinking now about your primary or main mortgage, do you know if it is a fixed rate mortgage, an adjustable rate mortgage, an interest only mortgage, a reverse mortgage, or something else?

*Based on respondents who own a home and have a mortgage*

UNWEIGHTED BASE	377
WEIGHTED BASE	352
Fixed rate	84%
Adjustable rate	7%
Interest only	3%
Reverse mortgage	*
Something else (SPECIFY)	1%
Don't know	4%
Refused	-

Q11. To the best of your knowledge, is the interest rate on your mortgage less than 6%, 6% to less than 8%, 8% to less than 10%, 10% to less than 12%, more than 12%, or don't you know?

*Based on respondents who own a home and have a mortgage*

UNWEIGHTED BASE	377
WEIGHTED BASE	352
Less than 6%	47%
6% to less than 8%	41%
8% to less than 10%	5%
10% to less than 12%	*
More than 12%	*
Don't know	5%
Refused	1%

Q12. Have you ever ordered a copy of your credit report?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Yes	49%
No	51%
Don't know	*
Refused	*

Q13. On average, do you order a copy of your credit report...?

*Based on respondents who have ordered a credit report*

UNWEIGHTED BASE	501
WEIGHTED BASE	491
Every year or more often	38%
Every couple years	25%
Every 5 to 10 years	9%
Only one time so far	25%
Don't know	1%
Refused	*

Q14. In general, how well do you understand the information provided in your credit report—very well, somewhat well, not too well, or not well at all?

*Based on respondents who have ordered a credit report*

UNWEIGHTED BASE	501
WEIGHTED BASE	491
Very well	63%
Somewhat well	29%
Not too well	4%
Not well at all	3%
Don't know	1%
Refused	*

Q15. Did you know that you can get a free copy of your credit report every year?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Yes	71%
No	28%
Don't know	1%
Refused	*

Q16. Thinking now about what you learned in school, how much would you say you learned about financial issues such as managing your money, balancing a checkbook and building your savings—a great deal, fair amount, not too much, or nothing at all?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
A great deal	17%
Fair amount	25%
Not too much	30%
Nothing at all	25%
Don't know	2%
Refused	*

Q17. And in your home when you were growing up, how much would you say you learned about financial issues such as managing your money, balancing a checkbook and building your savings—a great deal, fair amount, not too much, or nothing at all?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
A great deal	32%
Fair amount	32%
Not too much	21%
Nothing at all	14%
Don't know	1%
Refused	*

Q18. Have you ever received professional advice about financial issues from an individual or organization? By professional I mean someone who does this for a living, rather than friends or family.

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Yes	36%
No	64%
Don't know	1%
Refused	-

Q19. And who provided the professional advice? Was it a financial advisor or planner, a credit union, a bank or banker, an accountant, a credit counselor, or was it someone else?

*Based on respondents who have received professional advice*

UNWEIGHTED BASE	401
WEIGHTED BASE	356
Financial advisor or planner	56%
Credit union	5%
Bank or banker	8%
Accountant, CPA or Bookkeeper	11%
Credit Counselor	7%
Bankruptcy lawyer	*
Employee Assisted Program (workshop or program at work)	2%
Someone else (SPECIFY)	7%
Don't know	4%
Refused	*

Q20. Did you learn about the financial advice from a family member or friend, in an advertisement on TV or the radio, on the Internet, or through some other means?

*Based on respondents who have received professional advice*

UNWEIGHTED BASE	401
WEIGHTED BASE	356
Family member	23%
Friend	23%
Co-worker or colleague	10%
Yellow pages or phone book	2%
Newspaper article	3%
TV advertisement	3%
Radio advertisement	1%
Internet advertisement	2%
Internet search	3%
Bank/Credit Union	4%
Attorney	1%
Accountant	2%
Some other means (SPECIFY)	15%
Don't know	8%
Refused	1%

Q21. What was the reason for seeking financial advice—to learn more about financial issues or to address an immediate crisis or problem, or some other reason?

*Based on respondents who have received professional advice*

UNWEIGHTED BASE	401
WEIGHTED BASE	356
Learn more about financial issues	60%
Crisis or problem	16%
Both (VOLUNTEERED)	*
Other reason (SPECIFY)	16%
Don't know	6%
Refused	1%

Q22. And what was the topic or subject you discussed?

*Based on respondents who have received professional advice*

UNWEIGHTED BASE	401
WEIGHTED BASE	356
General budget/financial counseling	16%
Tax preparation	7%
Mortgages, refinancing, or purchasing a home	5%
Retirement planning, pensions or 401ks	25%
Life insurance	2%
Saving for college	2%
Investments, stocks or bonds	17%
Car purchase or financing	-
Medicare, long-term care, assisted living	*
Social Security	-
Estate planning (will, power of attorney)	2%
Late housing payment or foreclosure	*
Bad credit/denied credit	-
Debt management/getting out of debt/debt collection	6%
Credit card debt/problems	2%
Credit counseling/credit problems	1%
Bankruptcy	2%
IRS, liens or other tax problems	1%
Identity theft	-
Homeless counseling	-
Rental/landlord counseling	*
Other (SPECIFY)	5%
Don't know	7%
Refused	2%

Q23. How important do you think it is to discuss the financial aspects of a major purchase, such as the purchase of a car or a house, with a trusted professional, friend, or relative before you make the purchase—very important, somewhat important, not too important, not important at all?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Very important	48%
Somewhat important	25%
Not too important	11%
Not important at all	14%
Don't know	2%
Refused	1%

Q24. Thinking about the next 12 months, how interested would you be in learning more about financial issues or seeking professional financial advice—very interested, somewhat interested, not too interested, or not interested at all?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Very interested	9%
Somewhat interested	20%
Not too interested	21%
Not interested at all	47%
Don't know	2%
Refused	*

Q25. In any given month, how much of your free-time would you be willing to devote to learn more about financial issues—15 minutes at a time, 30 minutes at a time, 45 minutes at a time, 1 hour at a time, or more than 1 hour at a time?

*Based on respondents who are interested in additional education and advice*

UNWEIGHTED BASE	250
WEIGHTED BASE	296
15 minutes at a time	24%
30 minutes at a time	28%
45 minutes at a time	8%
1 hour at a time	29%
More than 1 hour at a time	7%
No time (VOLUNTEERED)	1%
Don't know	3%
Refused	*

Q26. Thinking about a 3 month period, would you be willing to participate in one [15/30/45 min/1 hour/1+ hour] session, two to three [15/30/45 min/1 hour/1+ hour] sessions, or three or more [15/30/45 min/1 hour/1+ hour] sessions?

*Based on respondents who are willing to devote time to learn about financial issues*

UNWEIGHTED BASE	233
WEIGHTED BASE	283
1 session	34%
2 to 3 sessions	33%
3 or more sessions	22%
None (VOLUNTEERED)	3%
Don't know	8%
Refused	-

Q27. If you needed advice about your finances, who would you turn to first?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Spouse	17%
Parent	14%
Other relative	12%
Girlfriend/boyfriend	1%
Friend	6%
Independent financial advisor/financial planner	13%
Credit union	1%
Banker	6%
Broker	2%
Credit counselor	1%
Employee assisted program (workshop or program at work)	*
Bankruptcy lawyer	*
Social Services	-
Legal Aide	1%
Community-based organization	*
Accountant, CPA or bookkeeper	3%
Self-help book	*
Self-help expert or self-help personality	1%
Self-help website	1%
Church or spiritual leader	1%
Myself/No one else	2%
Other (SPECIFY)	1%
Don't know	12%
Refused	3%

Q27A. Who would you turn to second?

*Based on those who gave a valid response to Q27*

UNWEIGHTED BASE	855
WEIGHTED BASE	857
Spouse	8%
Parent	10%
Other relative	18%
Girlfriend/boyfriend	1%
Friend	10%
Independent financial advisor/financial planner	10%
Credit union	2%
Banker	9%
Broker	1%
Credit counselor	2%
Employee assisted program (workshop or program at work)	*
Bankruptcy lawyer	*
Social Services	*
Legal Aide	1%
Community-based organization	-
Accountant, CPA or bookkeeper	2%
Self-help book	1%
Self-help expert or self-help personality	*
Self-help website	*
Church or spiritual leader	*
Myself/No one else	1%
Other (SPECIFY)	1%
Don't know	20%
Refused	3%

Q28. Thinking now about people who provide financial advice on a professional level as part of their job, where would you go to get low-cost, reputable assistance?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Financial advisor or planner	19%
Credit union	10%
Bank or banker	18%
Accountant, CPA or Bookkeeper	5%
Credit Counselor	3%
Bankruptcy lawyer	1%
Employee Assisted Program (workshop or program at work)	2%
Someone else (SPECIFY)	6%
Don't know	32%
Refused	3%

Q29. How familiar, if at all, are you with the National Foundation for Credit Counseling, also known as NFCC—very familiar, somewhat familiar, not too familiar, or not familiar at all?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Very familiar	3%
Somewhat familiar	12%
Not too familiar	16%
Not familiar at all	68%
Don't know	2%
Refused	*

Q30. And how familiar, if at all, are you with Consumer Credit Counseling Services, also known as CCCS—very familiar, somewhat familiar, not too familiar, or not familiar at all?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Very familiar	5%
Somewhat familiar	20%
Not too familiar	16%
Not familiar at all	58%
Don't know	1%
Refused	*

Q31. Suppose you planned to learn more about financial issues through a class or seminar in your community. Generally speaking, what would be the most convenient time for you—would it be during the week or on the weekend?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
During the week	41%
Weekend	36%
Don't know	13%
Refused	11%

Q32. And what would be the most convenient time of day—morning, afternoon, or evening?

*Based on those who gave a valid response to Q31*

UNWEIGHTED BASE	721
WEIGHTED BASE	764
Morning	28%
Afternoon	29%
Evening	39%
Don't know	3%
Refused	1%

Q33. What type of approach would be the most useful if you wanted to learn more about financial issues? Would it be a traditional classroom or seminar, through a game, a one-on-one session, an interactive Internet lesson, by telephone, or some other approach?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Traditional classroom or seminar setting	32%
Game	2%
One-on-one session	28%
Interactive Internet lesson	13%
Telephone	5%
Other approach (SPECIFY)	2%
Don't know	11%
Refused	6%

Q34. Some organizations offer incentives to encourage people to participate in their programs, such as gift cards to popular stores or money towards opening a savings account. How much would this motivate you to participate in a class or seminar about financial issues—to a great extent, moderate extent, small extent, or not at all?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Great extent	9%
Moderate extent	20%
Small extent	19%
Not at all	47%
Don't know	3%
Refused	2%

Q35. Here are some specific things organizations could offer to encourage people to participate in seminars or classes about financial issues. Which of the following items, if any, would you be most interested in?

*Based on respondents interested in incentives to a great, moderate or small extent*

UNWEIGHTED BASE	434
WEIGHTED BASE	486
A free savings or checking account	17%
A reduced interest rate for a loan	13%
A reduced insurance rate for your car or home	22%
A reduced interest rate on a credit card	16%
Reduced points on a home mortgage	18%
None	8%
Other (SPECIFY)	1%
Don't know	5%
Refused	*

Q36. How important would support groups and around-the-clock availability be in your decision to participate in a class or seminar about financial issues—to a great extent, moderate extent, small extent, or not at all?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Very important	13%
Somewhat important	26%
Not too important	16%
Not important at all	42%
Don't know	2%
Refused	1%

Q37. How helpful would having a financial class or seminar at your place of work be to you—very helpful, somewhat helpful, not too helpful, not helpful at all, or do you not work outside the home?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Very helpful	15%
Somewhat helpful	22%
Not too helpful	8%
Not helpful at all	26%
Don't work outside the home	23%
Not possible at my job (VOLUNTEERED)	3%
Don't know	2%
Refused	2%

Q38. Would you prefer the financial class or seminar to be a one-time session or multiple sessions with updates?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
One time	47%
Multiple sessions	33%
Don't know	11%
Refused	9%

D1. Gender

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Male	48%
Female	52%

D2. How many children under age 18 currently live in your household?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
0	60%
1	17%
2	13%
3	6%
4	2%
5	1%
6	*
10	*
Don't know	*
Refused	1%

D3. How old were you at your last birthday?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
18-29	17%
30-49	37%
50-64	24%
65 or older	16%
Don't know	1%
Refused	6%

D4. What is the highest level of education that you have completed?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
None, or grade 1-8	4%
High school incomplete	10%
High school graduate	32%
Technical, trade or vocational school AFTER high school	3%
Some college, no 4-year degree	22%
College graduate	17%
Post-grad training or professional schooling after college	10%
Don't know	*
Refused	1%

D5. Are you currently married, living with a partner, widowed, divorced, separated, or have you never been married?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Married	55%
Living with a partner	7%
Widowed	8%
Divorced	9%
Separated	3%
Never been married	17%
Don't know	-
Refused	1%

D6. Are you yourself of Latino or Hispanic origin or descent, such as Mexican, Puerto Rican, Cuban, or some other Latin American background?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Yes	11%
No	87%
Don't know	1%
Refused	1%

D7. What is your race? Are you white, black or African American, Asian, American Indian or Alaska Native, or Native Hawaiian or other Pacific Islander?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
White	76%
African American/Black	11%
Asian	2%
American Indian or Alaska Native	1%
Native Hawaiian or other Pacific Islander	1%
Other (SPECIFY)	4%
Mixed race	2%
Don't know	1%
Refused	2%

D8. Last year, that is in 2006, approximately what was your total income from all sources, before taxes? Was it under \$40,000 or \$40,000 or more?

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Under \$40,000	39%
\$40,000 or more	40%
Don't know	5%
Refused	15%

D9. Now, just stop me when I get to the right category. Was your income...?

*Based on respondents with incomes under \$40,000*

UNWEIGHTED BASE	350
WEIGHTED BASE	394
Less than \$10,000	21%
\$10,000 to under \$20,000	20%
\$20,000 to under \$30,000	26%
\$30,000 to under \$40,000	24%
Don't know	5%
Refused	4%

D10. Now, just stop me when I get to the right category. Was your income...?

*Based on respondents with incomes over \$40,000*

UNWEIGHTED BASE	438
WEIGHTED BASE	402
\$40,000 to under \$60,000	32%
\$60,000 to under \$80,000	21%
\$80,000 to under \$100,000	14%
\$100,000 to under \$150,000	14%
\$150,000 or more	7%
Don't know	2%
Refused	9%

Community type

UNWEIGHTED BASE	1003
WEIGHTED BASE	1003
Urban	34%
Suburban	47%
Rural	19%