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# The 2009 Consumer Financial Literacy Survey

## *Topline Report and Data Sheet*

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Prepared For:

**The National Foundation for Credit Counseling**



NATIONAL FOUNDATION FOR  
CREDIT COUNSELING

*Knowing the difference can  
make all the difference.*

Prepared By:

**Harris Interactive Inc.**

**Public Relations Research**

## **KEY FINDINGS**

### **Financial Literacy:**

**41 percent of U.S. adults, or more than 92 million people living in America, gave themselves a grade of C, D, or F on their knowledge of personal finance, suggesting there is considerable room for improvement.** This number is highest among Gen Y adults at 47 percent. 80 percent of adults agree that they would benefit from advice and answers to everyday financial questions from a professional, and more than one-third (35 percent) **strongly** agree.

### **Budget:**

**Showing no improvement since 2007, less than half of adults (42 percent) keep close track of their spending.** Nearly 16 million adults (7 percent) don't know how much they spend on food, housing, and entertainment, and do not monitor their overall spending.

### **Debt and Credit Cards:**

**26 percent, or more than 58 million adults, admit to not paying all of their bills on time.** Among African-Americans, this number is at 51 percent. In the last 12 months, 15 percent of adults, or nearly 34 million people, have been late making a credit card payment and 8 percent (18 million people) have missed a payment entirely. More than 13 million adults (6 percent) report that their household carries credit card debt of \$10,000 or more from month to month, and the same number have debts in collection, are seriously considering filing for bankruptcy, or have already done so within the past three years.

### **Housing:**

**42 percent of adults, or more than 94 million people, currently have a home mortgage and, of those, 28 percent say that the terms of their mortgage somehow turned out to be different than they expected,** including: either payment or terms of loan were different than expected, the interest rate or its duration were different, or they had no knowledge of PMI.

### **Savings:**

**One-third of adults (32 percent), or 72 million people, report that they have no savings and only 23 percent are now saving more than they did a year ago because of the current economic climate.** Nearly half (48 percent) of Gen Y adults- more than any other age group- report having no savings. Of those with no savings, more than one in four report that, if faced with an emergency, they would charge that expense to a credit card (29 percent) or take out a loan (26 percent), thus adding to their debt load.

### **Spending:**

**57 percent of adults report spending less than they were a year ago.** However, 45 percent of those now spending less admit that, if their financial situation were to improve within the next year, they would resume their previous spending habits.

### **Credit Score:**

**In spite of it being free, nearly two-thirds (64 percent), or 144 million people, have not ordered a copy of their credit report in the past year; this grows to nearly three-quarters (72 percent) among Hispanic Americans.** Additionally, more than one-third (37 percent) admit that they do not know their credit score.

### **Retirement:**

**One-third of adults (33 percent), or more than 74 million people, do not put any part of their annual household income toward retirement.** This is up from 28 percent in 2008.

### **Insurance:**

**More than one in 10 adults (13 percent), or more than 29 million people, do not have medical insurance** and this number grows to 20 percent among Gen Y adults. Nearly three in four (72 percent) do not have long-term care insurance, including 65 percent of adults aged 65 and older – this is more than 24 million people.

## Survey Methodology

The 2009 Financial Literacy survey was conducted by telephone within the United States by Harris Interactive on behalf of the NFCC (National Foundation for Credit Counseling) between March 13 and March 16, 2009 among 1,000 adults ages 18+. Results were weighted for age, sex, geographic region, and race where necessary to align them with their actual proportions in the population.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error which are most often not possible to quantify or estimate, including sampling error, coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments.

Therefore, Harris Interactive avoids the words “margin of error” as they are misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, unweighted, random samples with 100% response rates. These are only theoretical because no published polls come close to this ideal.

## Significance Testing

When results from sub-groups of a sample appear in the detailed tabulations, an indicator of statistically significant differences is added to the tables run on our standard demographic banners. The test is performed on percentages as well as mean values. Each sub-sample is assigned a letter. When the percentage of one sub-sample is significantly different from the percentage of another sub-sample, the letter representing one of the two samples appears next to the percentage (or mean) of the other sample.

For instance the percentage of males answering yes to a particular question may be compared to the percentage of females answering yes to the same question. In the example below, the male sample is assigned the letter B, and the female sample is assigned the letter C. Here, respondents were asked whether a certain business practice is acceptable. 67% of women said that it was -- a proportion significantly greater than the 57% of males who believe that the practice is acceptable. To indicate that women are significantly more likely to find the practice acceptable than are men, the letter B -- the letter assigned to the male sub-sample -- appears next to the “67%” in the female column. Similarly, the 37% of men that find the practice unacceptable is significantly greater than the 29% of women who do so and, therefore, the letter C -- the letter assigned to the female sub-sample -- appears next to the “37%” in the male column.

	Total <b>(A)</b>	Sex	
		Male <b>(B)</b>	Fe- male <b>(C)</b>
Unweighted Total	977	488	489
Weighted Total	967	464	503
Acceptable	611 63%	274 57%	337 67%B
Not Acceptable	319 33%	171 37%C	148 29%
Don't Know	37 4%	18 4%	19 4%

Significance testing is done to the 95% confidence level.

## Posted Topline Data

<b>Question:</b>	<u>Total 2009</u> %	<u>Total 2008</u> %	<u>Total 2007</u> %
<b>Which of the following best describes how you manage your money?</b>	<b>Base: Adults 18+</b>		
	<b>(n= 1,000)</b>	<b>(n= 1,001)</b>	<b>(n= 1,003)</b>
	<b>A</b>	<b>B</b>	<b>C</b>
You have a budget and keep close track of how much you spend on such things as food, housing and entertainment	42	42	39
Don't have a budget (Net)	57	N/A	N/A
You have a somewhat good idea about how much you spend on such things as food, housing and entertainment, but you don't keep strict track of your spending on these things	39	35	36
You don't have a good idea how much you spend on such things as food, housing and entertainment, but you keep track of your overall spending and try to stay within certain limits that you've set for yourself	11	12	15 <b>AB</b>
You don't have a good idea how much you spend on such things as food, housing and entertainment, and you often don't keep track of your overall spending	7	7	7
Don't know	1	2	2
Refused	*	2	1

<b>Question:</b>	<u>Total 2009</u> %	<u>Total 2008</u> %
<b>What is the main reason you do not have a budget?</b>	<b>Base: Adults 18+ who do not have a budget</b>	
	<b>(n= 592)</b>	<b>(n= 577)</b>
	<b>A</b>	<b>B</b>
Don't want to be restricted in what I spend	18	18
Don't make financial decisions for the household	12 <b>B</b>	3
Don't think a budget is useful	10	9
Don't know what limits to set for things in a budget	9	6
Don't know how to make a budget	3	9 <b>A</b>
Some other reason	40	48 <b>A</b>
Don't know	7	5
Refused	1	2

<b>Question:</b>	<u>Total 2009</u> %	<u>Total 2008</u> %
<b>Which of the following best describes your financial situation?</b>	<b>Base: Adults 18+</b>	
	<b>(n= 1,000)</b>	<b>(n= 1,001)</b>
	<b>A</b>	<b>B</b>
You pay all of your bills on time and have no debts in collection	70	69
Do not pay all bills on time (Net)	26	N/A
You sometimes miss a payment but have no debts in collection	10	11
You struggle to pay your bills every month but have no debts in collection	10	9
You are getting calls from collectors and struggle to pay your bills every month	4	5
You are seriously considering filing for bankruptcy or have filed for bankruptcy in the past three years	2	2
I am not involved at all in any financial decisions including how money is spent in our household (VOL)	1	2
Don't know	1	2
Refused	1	1
<b>Special Net: No debts in collection</b>	<b>91</b>	<b>N/A</b>
<b>Special Net: Debts in collection</b>	<b>6</b>	<b>N/A</b>

<b>Question:</b>	<u>Total 2009</u> %	<u>Total 2008</u> %
<b>Do you have any savings, excluding retirement savings?</b>	<b>Base: Adults 18+</b>	
	<b>(n= 1,000)</b>	<b>(n= 1,001)</b>
	<b>A</b>	<b>B</b>
Yes	65	63
No	32	36
Don't know	*	*
Refused	2	1

<b>Question:</b>	<u>Total 2009</u> %	<u>Total 2008</u> %
<b>Do you have...saved for each wage earner in the household?</b>	<b>Base: Adults 18+ who have any savings, excluding for retirement</b>	
	<b>(n= 692)</b>	<b>(n= 691)</b>
	<b>A</b>	<b>B</b>
1 month's income of savings	27	34 <b>A</b>
2 to 3 months' income of savings	19	17
More than 3 months' income of savings	41	39
Don't know	8	7
Refused	4	4

<b>Question:</b>	<u>Total 2009</u> %	<u>Total 2008</u> %
<b>What is the main reason you currently do not have any savings?</b>	<b>Base: Adults 18+ who do not have any savings</b>	
	<b>(n= 277)</b>	<b>(n= 310)</b>
	<b>A</b>	<b>B</b>
Have a limited income	59	59
Spent your savings on an emergency	8	10
Don't think savings are necessary	5	3
Find it difficult to manage your money	4	4
Some other reason	20	16
Don't know	2	4
Refused	2	4
<b>Question:</b>	<u>Total 2009</u> %	
<b>If you encountered an emergency or unexpected expense, how would you pay for it? *</b>	<b>Base: Adults 18+ who do not have any savings (n= 277)</b>	
Borrow the money from family or friends	57	
Pay cash	49	
Charge it to a credit card	29	
Take out a loan	26	
Neglect paying your other financial obligations	17	
Other	4	
Don't know	6	
Refused	*	

\* Multiple responses were allowed.

<b>Question:</b>	<u>Total 2009</u> %	<u>Total 2008</u> %
<b>On average, what percentage of your household's income do you save every year for retirement?</b>	<b>Base: Adults 18+</b>	
	<b>(n= 1,000)</b>	<b>(n= 1,001)</b>
	<b>A</b>	<b>B</b>
0% or nothing	33 <b>B</b>	28
Any (Net)	56	N/A
1% to 10%	34	33
11% to 20%	16	16
More than 20%	6	8
Already retired (VOL)	N/A	8
Don't know	8	6
Refused	2	2

<b>Question:</b>	<u>Total 2009</u> %	<u>Total 2008</u> %
<b>What types of insurance coverage do you currently have? *</b>	<b>Base: Adults 18+</b>	
<b>YES SUMMARY</b>	<b>(n= 1,000)</b>	<b>(n= 1,001)</b>
	<b>A</b>	<b>B</b>
Auto insurance	88	N/A
Medical insurance	86	85
Life insurance	68	65
Homeowners insurance	68	67
Disability insurance	40	40
Disaster insurance	25	28
Long-term care insurance	25	27
Renter's insurance	14 <b>B</b>	11

responses were allowed.

\*  
Multiple

<b>Question:</b>	<u>Total 2009</u> %	<u>Total 2008</u> %
<b>Do you currently have a home mortgage of any type?</b>	<b>Base: Adults 18+</b>	
	<b>(n= 1,000)</b>	<b>(n= 1,001)</b>
	<b>A</b>	<b>B</b>
Yes	42	45
No	57	54
Paid off within the last 12 months (VOL)	N/A	1
Don't know	*	*
Refused	1	*

<b>Question:</b>	<u>Total 2009</u> %	<u>Total 2008</u> %	<u>Total 2007</u> %
<b>Do you currently have a home mortgage of any type?</b>	<b>Base: Adults 18+ <u>who are homeowners</u></b>		
	<b>(n= 753)</b>	<b>(n= 752)</b>	<b>(n= 753)</b>
	<b>A</b>	<b>B</b>	<b>C</b>
Yes	59 <b>BC</b>	45	53 <b>B</b>
No	40	54 <b>AC</b>	46 <b>A</b>
Paid off within the last 12 months (VOL)	N/A	1	-
Don't know	*	*	*
Refused	1	*	1

<b>Question:</b>	<u>Total 2009</u> %	<u>Total 2008</u> %	<u>Total 2007</u> %
<b>Thinking now about your primary or main mortgage, do you know if it is...?</b>	<b>Base: Adults 18+ who have a home mortgage</b>		
	<b>(n= 411)</b>	<b>(n= 466)</b>	<b>(n= 377)</b>
	<b>A</b>	<b>B</b>	<b>C</b>
A fixed rate mortgage	84	85	84
An adjustable rate mortgage	9	8	7
An interest-only mortgage	2	4	3
A reverse mortgage	*	-	*
Something else	1	1	1
Don't know	4	2	4
Refused	*	*	-

<b>Question:</b>	<u>Total 2009</u> %
<b>In which of the following ways, if any, did the terms of your mortgage turn out to be different than what you initially expected? *</b>	<b>Base: Adults 18+ who have a home mortgage (n= 411)</b>
Any (Net)	28
The amount of your monthly payment	14
The interest rate	13
How long the initial rate lasted	10
The private mortgage insurance, or PMI, that you had to pay in addition to your monthly mortgage payment	9
The new dollar amount of your mortgage after it reset	8
Other	*
None of these	68
Don't know	3
Refused	*

\* Multiple responses were allowed.

<b>Question:</b>	<u>Total 2009</u> %	<u>Total 2008</u> %
<b>Have you ordered a copy of your credit report in the past 12 months?</b>	<b>Base: Adults 18+</b>	
	<b>(n= 1,000)</b>	<b>(n= 1,001)</b>
	<b>A</b>	<b>B</b>
Yes	34	37
No	64	62
Don't know	1	1
Refused	1	*

<b>Question:</b>	<u>Total 2009</u> %	<u>Total 2008</u> %
<b>What is your credit score?</b>	<b>Base: Adults 18+</b>	
	<b>(n= 1,000)</b>	<b>(n= 1,001)</b>
	<b>A</b>	<b>B</b>
Less than 600 (Net)	12	N/A
Less than 500	6	7
500 to 599	6	6
600 or more (Net)	48	N/A
600 to 699	12	13
700 or higher	35 <b>B</b>	30
I have never checked my credit score (VOL)	N/A	4
I have checked my credit score but can't remember it (VOL)	N/A	4
Don't know	37	34
Refused	3	2

<b>Question:</b>	<u>Total 2009</u> %
<b>Roughly how much credit card debt, if any, does your household carry from month to month?</b>	<b>Base: Adults 18+</b> <b>(n= 1,000)</b>
Any (Net)	44
Less than \$2,500 (Subnet)	28
\$1 to \$499	11
\$500 to \$999	7
\$1,000 to \$2,499	10
\$2,500 or more (Subnet)	16
\$2,500 to \$4,999	5
\$5,000 to \$9,999	5
\$10,000 or more	6
None	46
Don't know	6
Refused	4

<b>Question:</b>	<u>Total 2009</u> %
<b>In the last 12 months, have you...? *</b>	<b>Base: Adults 18+ (n= 1,000)</b>
Any (Net)	40
Cancelled a credit card	15
Been late making a credit card payment	15
Applied for a new credit card	11
Missed a credit card payment	8
Transferred the balance from one credit card to another	7
Made a payment that was less than the minimum payment required	7
Been rejected for a new credit card	6
Obtained a cash advance from your credit card company	4
Consolidated your credit card debt into a personal bill consolidation loan	2
None of these	58
Don't know	*
Refused	1
<b>Question:</b>	<u>Total 2009</u> %
<b>If you are not already doing so, could you live on a cash basis without access to credit cards for your regular monthly expenses?</b>	<b>Base: Adults 18+ (n= 1,000)</b>
You currently live on a cash basis	61
Do not live on cash basis (Net)	37
You do not currently live on a cash basis, but you could if you had to	33
You do not currently live on a cash basis and you would not be able to	4
Don't know	1
Refused	1
<b>Special Net: Could live on cash basis</b>	<b>94</b>

\* Multiple responses were allowed.

<b>Question:</b>	<u>Total 2009</u> %
<b>Compared to one year ago, how has the current economic climate affected your spending? Are you now spending...?</b>	<b>Base: Adults 18+ (n= 1,000)</b>
More (Net)	18
A lot more than last year	7
A little more than last year	10
The same as last year	24
Less (Net)	57
A little less than last year	30
A lot less than last year	27
Don't know	*
Refused	1

<b>Question:</b>	<u>Total 2009</u> %
<b>If your financial situation were to improve within the next year, would you be more likely to...?</b>	<b>Base: Adults 18+ who are now spending less than last year because of the current economic climate (n= 571)</b>
Continue spending less	52
Resume spending as much as last year	45
Don't know	3
Refused	*

<b>Question:</b>	<u>Total 2009</u> %
<b>Compared to one year ago, how has the current economic climate affected your saving habits? Are you now saving...?</b>	<b>Base: Adults 18+ (n= 1,000)</b>
More (Net)	23
A lot more than last year	9
A little more than last year	15
The same as last year	39
Less (Net)	35
A little less than last year	15
A lot less than last year	20
Don't know	1
Refused	2

<b>Question:</b>	<u>Total 2009</u> %	<u>Total 2008</u> %
<b>Thinking now about what you have learned about personal finance, where do you think that you learned the most?</b>	<b>Base: Adults 18+</b>	
	<b>(n= 1,000)</b>	<b>(n= 1,001)</b>
	<b>A</b>	<b>B</b>
Any (Net)	86	N/A
From your parents or at home	37	40
From self-help books or media	15 <b>B</b>	9
From a financial professional	12	10
From school	9	7
From friends	6	5
From the Internet	4	N/A
At work	4	6 <b>A</b>
Spouse or partner (VOL)	N/A	2
Learned on own/myself (VOL)	N/A	15
None of these	12	N/A
Don't know	1	4 <b>A</b>
Refused	1	2

<b>Question:</b>	<u>Total 2009</u> %
<b>On a scale from A to F, what grade would you give yourself in terms of your knowledge about personal finance?</b>	<b>Base: Adults 18+ (n= 1,000)</b>
A/B (Net)	58
A	18
B	40
C	29
D/F (Net)	12
D	9
F	3
Don't know	1
Refused	1

<b>Question:</b>	<u>Total 2009</u> %
<b>How strongly do you agree or disagree with the following statement?</b>	<b>Base: Adults 18+ (n= 1,000)</b>
<i>Considering what you already know about personal finance, you could still benefit from some advice and answers to everyday financial questions from a professional.</i>	
Agree (Net)	80
Strongly agree	35
Somewhat agree	45
Disagree (Net)	19
Somewhat disagree	10
Strongly disagree	8
Don't know	1
Refused	*

<b>Question:</b>	<u>Total 2009</u> %	<u>Total 2008</u> %	<u>Total 2007</u> %
<b>How familiar, if at all, are you with the National Foundation for Credit Counseling, also known as NFCC?</b>	<b>Base: Adults 18+</b>		
	<b>(n= 1,000)</b>	<b>(n= 1,001)</b>	<b>(n= 1,003)</b>
	<b>A</b>	<b>B</b>	<b>C</b>
Familiar (Net)	17	N/A	N/A
Very familiar	2	2	3
Somewhat familiar	15 <b>C</b>	15 <b>C</b>	12
Not familiar (Net)	82	N/A	N/A
Not too familiar	22 <b>BC</b>	14	16
Not familiar at all	60	65 <b>A</b>	68 <b>A</b>
Don't know	*	2	2
Refused	*	1	*

<b>Question:</b>	<u>Total 2009</u> %	<u>Total 2008</u> %	<u>Total 2007</u> %
<b>And how familiar, if at all, are you with Consumer Credit Counseling Services, also known as CCCS?</b>	<b>Base: Adults 18+</b>		
	<b>(n= 1,000)</b>	<b>(n= 1,001)</b>	<b>(n= 1,003)</b>
	<b>A</b>	<b>B</b>	<b>C</b>
Familiar (Net)	23	N/A	N/A
Very familiar	4	5	5
Somewhat familiar	19	19	20
Not familiar (Net)	76	N/A	N/A
Not too familiar	18 <b>B</b>	14	16
Not familiar at all	58	59	58
Don't know	*	2	1
Refused	*	1	*

<b>Question:</b>	<u>Total 2009</u> %	<u>Total 2008</u> %
<b>Which of the following best describes your current plans for financing your child's or children's education needs?</b>	<b>Base: Adults 18+ who have children under 18 years of age currently living in the household</b>	
	<b>(n= 260)</b>	<b>(n= 338)</b>
	<b>A</b>	<b>B</b>
Have education savings account (Net)	39	N/A
You've established a 529 Plan or other education savings account and expect to be able to finance four years of college for your child or children	21	23
You established an education savings account but are doubtful you can finance four years of college without borrowing	18	19
Do not have education savings account (Net)	48	N/A
You want to provide a college education for your children or children but haven't done anything about it yet	33	30
If they want to go to college, they'll have to pay for it themselves	15	15
Not the parent or guardian (VOL)	9	5
Don't know	3	5
Refused	1	3