TIAA-CREF Institute

College-Educated Millennials: An Overview of Their Personal Finances

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Introduction

Every generation has a transformative effect on the economy, but the actions of Generation Y, also known as the Millennial Generation, promise to carry special impact. Gen Y, the largest generation in U.S. history, comprises young, educated, ethnically diverse, and economically active individuals. These Gen-Yers, or Millennials, as they are known, are entering the labor force as the "powerhouse of the global economy" and arriving at critical points of financial decision making in their adult lives (Deloitte, 2009).

Despite entering the workplace in the unstable economic environment of recent years, Gen Y continues to be energetic and highly optimistic. Its members are eager to make a difference, and the size and influence of this generation means they will. Yet the quality of their impact is linked to their financial behavior. Indeed, Millennials' personal finances are more relevant for the state of the economy than those of any preceding generation. Against this backdrop, it is becoming increasingly apparent that the financial position of Gen-Yers is more fragile than expected.

This study discusses key factors associated with Millennials' personal finances and identifies critical issues for the financial future of the Gen Y population. The study considers an important and emblematic attribute of Gen Y—their high level of education—but shows that even among Millennials with college degrees there are signs of financial distress. Gen-Yers included in this sample are at critical stages of long-term financial decision making, poised to make choices that carry serious implications for the future. The study ends with a list of strategies specifically addressing actions available to the financial services industry to better serve the needs of highly educated Millennials.

An Overview of Generation Y

Distinct from its predecessors—the Baby Boomers and Generation X—Generation Y is the largest, most diverse generation in U.S. history. It consists of those born between the late 1970s and mid-1990s, a cohort covering 70 million to 80 million people living in the United States alone. Its racial composition also makes it distinctive: Minorities hold increasing representation among the ranks of the most educated, high-achieving members, and 11 percent of all Gen-Yers have at least one immigrant parent (National Chamber Foundation, 2012). In addition to being more ethnically diverse than previous generations, Gen Y is "on course to become the most educated generation in American history" (Fry and Parker, 2012). Within the group of 25- to 29-year-olds alone, one-third have earned at least a bachelor's degree. Furthermore, Gen Y's role in the workforce is pivotal. By 2025, it is predicted that Gen Y will provide 75 percent of the global workforce (Schawbel, 2012). Currently, about 25 percent of the workforce is made up of Gen-Yers, and they are expected to account for almost a majority by 2020 (Toossi, 2012).

The sheer size and unique demographics of Gen Y make its impact and involvement in financial matters more significant for the economy than that of any other birth cohort. Hence it is important to explore this generation's expectations and social behaviors—which vary significantly in some regards from previous generations—and the economic environment in which they operate. Often referred to as the "instant-gratification generation," Millennials have been characterized as having high expectations for both professional and personal life (Bishop, 2006). Its members desire purposeful work and are passionate about issues like the environment. The literature attributes the high levels of optimism, confidence, and achievement of Gen Y to a change in social values regarding children and family life. Specifically, Gen-Yers have grown up "in an era that placed a high value on children," with parents who gave priority to their offspring's personal development and self-esteem (Eubanks, 2006). The confidence instilled in this generation has informed its attitudes toward professional achievement. A 2011 study found that three-quarters of Gen Y respondents felt confident about achieving their goals and 80 percent reported having high expectations for themselves (Bresiger, 2011). With such lofty—and perhaps unrealistic—expectations, Gen Y is also prone to higher-than-average levels of disappointment. According to a 2010 study by the Pew Research Center, Millennials are the most dissatisfied with their current earnings in the context of their ability to lead a desirable lifestyle (Taylor and Keeter, 2010). This disappointment is not unwarranted. In 2010, Gen Y had an average level of wealth that was 7 percent below the average level of wealth of those in their 20s and 30s in 1983 (Steuerle, McKernan, Ratcliffe, and Zhang, 2013).

The high expectations of Gen Y have also influenced their thinking about the role of government. Compared with the Baby Boomers and Generation X, goal-oriented Gen Y is more supportive of active government. Given the prominence of minority groups within Gen Y, it is important to note that 64 percent of Hispanics and 61 percent of African-Americans think the government should do more to solve problems. Women are also more inclined to support government intervention, with 59 percent believing the government should do more (Taylor and Keeter, 2010).

Technology plays an important role in the lives of Millennials. Gen Y is the first "digital generation," raised amid laptop computers, cell phones, and rapidly advancing technology that is changing the way individuals interact and conduct business. This generation's reliance on rapidly developing technology makes it open to change and more adaptable than any group before it (Taylor and Keeter, 2010). Among other things, new technology alters where and how Gen Y gets information; for example, television and the Internet have displaced newspapers as its source for news (National Chamber Foundation, 2012). Gen Y is accustomed to constant communication and immediate response. This makes its members highly productive, but also puts them out of touch with older colleagues. At the same time, global interconnectedness made possible with millennial technology, has made Gen Y increasingly reliant on peers for information and motivation.

Why Focus on Highly Educated Gen Y?

As mentioned earlier, one defining characteristic of Generation Y is their high level of education. This study focuses on Millennials with a college degree. This permits examination of a homogeneous segment of the cohort to describe the personal finances of a group expected to be very financially active. Moreover, student loans have emerged as a key feature in the economic life of the young, many of whom start their career in debt. With the student loan market totaling more than $1 trillion (Federal Reserve Bank of New York, 2013), it has become increasingly important to understand how carrying student debt early in life affects the financial position and decision making of Generation Y.

The large sample size of the 2012 National Financial Capability Study (NFCS) provided sufficient data for an accurate and unprecedented analysis of the key financial traits of college-educated members of Gen Y, a segment of the population that, to date, has been understudied.

Analysis of the 2012 National Financial Capability Study Data

The first NFCS survey, supported by the FINRA Investor Education Foundation, was conducted in 2009 to assess and establish a baseline measure of the financial capability of American adults.[1] The 2012 survey updated key measures from 2009 and covered new, highly relevant topics, such as student loan and medical debt. With a sample size of more than 25,000 observations, the overarching objectives of the NFCS are to benchmark key indicators of Americans' financial capability and evaluate how these indicators vary with underlying demographic, behavioral, attitudinal, and financial literacy characteristics. Consistent with surveys on financial capability conducted in other countries (Atkinson, McKay, Kempson, and Collard, 2007), the NFCS examines multiple indicators of financial knowledge and capability, including how people manage their resources, how they make financial decisions, the skill sets they use in making decisions, and the search and information elaboration that goes into their choices. In other words, financial capability is assessed by looking at both short-term financial management and medium- and long-term financial planning.

The data is particularly rich in illustrating sources of debt, including student loans, medical debt, and mortgage debt, with new questions added in 2012 to study debt in more detail. Moreover, the NFCS provides subjective and objective measures of financial literacy, which are key to understanding the extent to which individuals have the knowledge required to make sound financial decisions. A new question also examines exposure to financial education. To ensure a sufficient number of respondents for analysis, the NFCS oversampled African-Americans, Hispanics, Asian-Americans, and adults with less than a high school education.[2]

Table 1 presents a set of descriptive statistics on the sample of college-educated members of Gen Y. The sample was restricted to respondents age 23–35 with at least a college degree. Three observations with respondents recorded as retired were excluded. The final college-educated Gen Y sample is composed of 2,124 observations. Fifty-eight percent of the sample are female and 66 percent are employed full-time. Consistent with the demographic makeup of Millennials, this subgroup features a sizable share of minorities: African-Americans, Hispanics, Asian-Americans, and respondents of other minorities comprise 45 percent of the sample. Moreover, many respondents (33 percent) have a postgraduate degree. Eighty-nine percent reported being the financial decision maker in the household, either equally sharing the responsibility with another adult or being solely responsible for financial decisions. Forty-four percent have at least one financially dependent child. Fewer than 8 percent live with their parents, and 25 percent are the only adult in their household.

1 For a detailed analysis of the 2009 NFCS data, see Lusardi (2011).

2 For more information about the sampling methodology, see the methodological report by the FINRA Investor Education Foundation (2013).

Table 1
Demographic Characteristics of the College-Educated Generation Y Sample

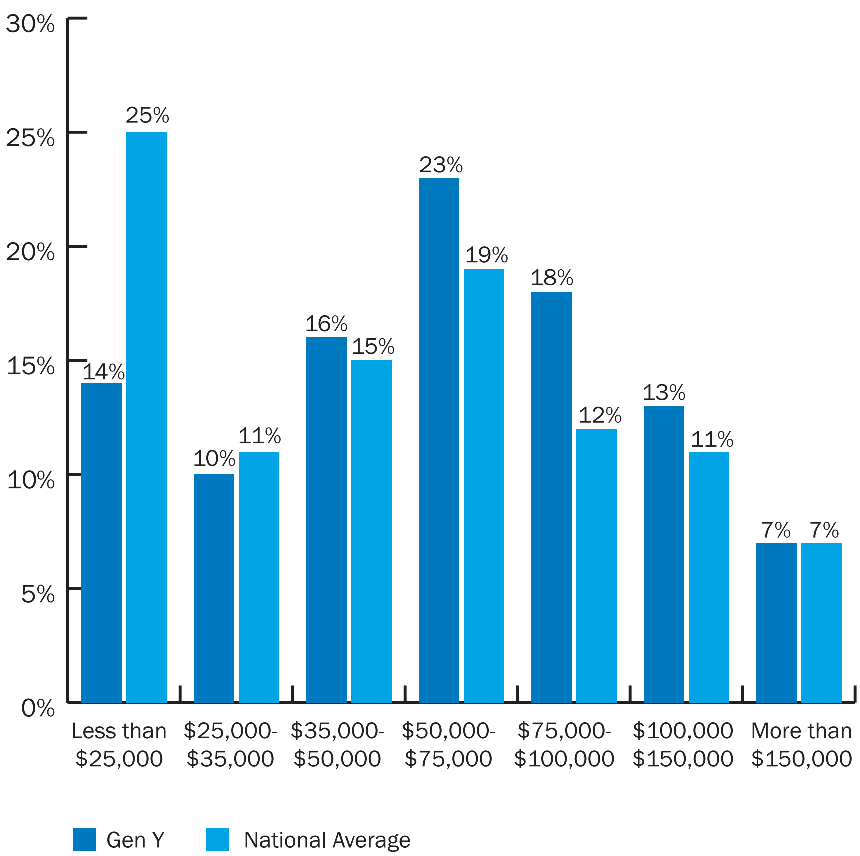
	Full Sample
Male	42%
Female	58%
Age 23-29	45%
Age 30–35	55%
Ethnicity:	
White	55%
African-American	16%
Hispanic	14%
Asian-American	12%
Other ethnicity	3%
Marital status:	
Married	51%
Single	45%
Separated	1%
Divorced	3%
Widow	0.2%
Number of Financially Dependent Children	
1	21%
2	15%
3	6%
4 or more	2%
No financially dependent children	4%
Do not have any children	51%
Living arrangements:	
I am the only adult in the household	25%
I live with my spouse/partner/significant other	58%
I live in my parents' home	8%
I live with other family, friends, or roommates	9%
Employment status:	
Self-employed	6%
Work full time for an employer	66%
Work part time for an employer	9%
Homemaker	9%
Full-time student	6%
Permanently sick, disabled, or unable to work	1%
Unemployed or temporarily laid off	4%

Education:	
Undergraduate degree	67%
Postgraduate degree	33%
Financial decision maker in the household	89%
N	2,124

Note: The sample is restricted to 2,124 respondents age 23–35 who have at least a college degree.

College-educated members of Gen Y tend to have higher household incomes than the population as a whole (Figure 1). There are larger shares of college-educated Gen-Yers at every income level above $35,000 and smaller shares at income levels below that threshold. More than 60 percent of college-educated Millennials report annual household income of at least $50,000, compared with the national figure of 50 percent. Millennial income tends to be higher among older respondents, males, full-time employees, those who have postgraduate education, as well as whites and Asian-Americans.

Figure 1
Annual Household Income Distribution Among College-Educated Millennials

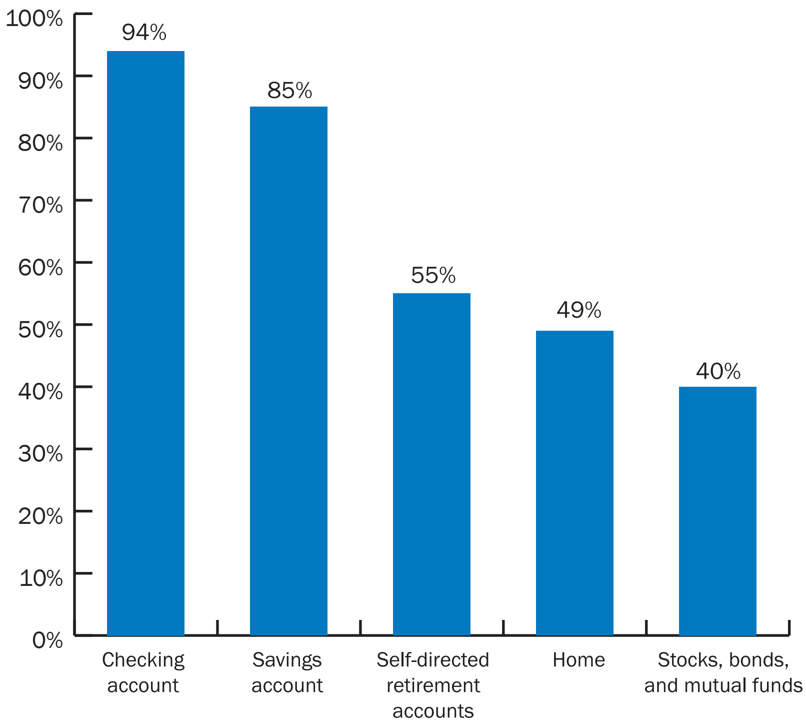


Note: The national average income distribution is calculated on all observations included in the 2012 NFCS (25,000 observations). Percentages may not sum to 100% due to rounding.

Asset Ownership

As mentioned earlier, college-educated Millennials are expected to be financially active. The NFCS contains a number of measures that track asset ownership and provide information on the extent to which respondents are involved in asset management. According to these indicators—which include whether respondents have bank accounts, real estate, financial investments, and retirement accounts—most college-educated Gen-Yers own a variety of assets and are thus involved in important personal financial decisions (Figure 2). Most college-educated Millennials report having a bank account—either a checking account (94 percent) and/or a savings account (85 percent). Almost half of the respondents own their home, and 14 percent own a second home or other real estate assets. Close to two-fifths report having investments in stocks, bonds, mutual funds, or other securities. That percentage is higher than the 37 percent among the entire U.S. population.[3]

Figure 2
Generation Y Asset Ownership



Note: Percentages are calculated over the total sample of 2,124 observations.

In addition, most college-educated Gen-Yers have retirement accounts. Thus Millennials are typically making decisions that will impact their long-term financial well-being, in addition to handling short-term financial decisions.

Sixty-three percent of college-educated Millennials have at least one retirement plan through a current or former employer, including spouse employment (Table 2). These can be a defined benefit (DB) plan or a defined contribution (DC) plan. Examples of DC plans include 401(k) plans and Thrift Savings Plans (TSPs). Among those with employment based plan(s), 71 percent report a plan where participants choose how the money is invested, meaning that it is a primary or supplemental DC plan. In addition, 31 percent of college-educated Millennials own a retirement account that is not employment based, such as an IRA.

3 As calculated in the NFCS sample that includes all observations.

On net, 69 percent of college-educated Gen-Yers have some form of retirement plan—employment based, not employment based, or both. Having a retirement plan is positively correlated with income, and more common for males, individuals with advanced degrees, and full-time employees. Finally, 82 percent of those with a DC or non-employment based plan are making regular retirement savings contributions.

Table 2
Retirement Plan Ownership Among Generation Y

Respondents with retirement plan(s) through a current or previous employer	63%
Respondents with a defined contribution plan, among those with employment based plan	71%
Respondents with retirement account(s) NOT through an employer	31%
Respondents with retirement plan(s), through an employer or not	69%
Respondents currently making regular contributions, among those with an employment based DC plan or a non-employment based plan	82%

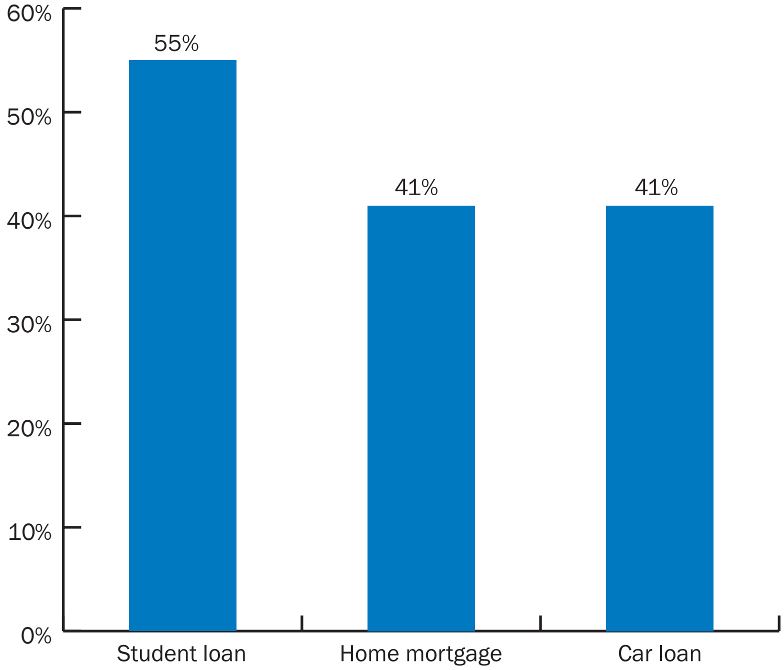
Many studies have focused on retirement savings or specific investments, such as stocks and mutual funds. However, in describing the personal finances of college-educated Millennials, it is too restrictive to examine only assets. For example, while they may own a home, it is not clear whether these young individuals have much, if any, equity in that home. Moreover, Millennials with retirement accounts might be borrowing against those accounts and those with bank accounts might be overdrawing those accounts. In other words, it is potentially misleading to focus on the asset side of the balance sheet alone. The liability side must be considered as well to gain a thorough understanding of Gen Y personal finances.

Long-Term Liabilities

The 2012 NFCS contains several questions regarding sources of debt and perceived level of indebtedness. These questions can be separated into two categories: long-term liabilities, such as a car loan, a mortgage, or a student loan, and short-term liabilities, such as credit card debt.

The most common source of long-term debt among college-educated Gen-Yers is student loans. The Federal Reserve Bank of New York (2013) found that more than 38 million Americans have outstanding student loans totaling more than $1 trillion, making them the largest form of consumer debt after home mortgages. Between 2007 and 2010, student loans as a proportion of young household debt increased from 34 percent to 40 percent (Fry and Parker, 2012). Not surprisingly then, 55 percent of college-educated Gen-Yers in the survey report having an outstanding student loan (Figure 3). Younger respondents, non-Asian minorities, and individuals with lower income are more likely to have student loan debt (Table 3). However, close to 50 percent of individuals with income over $75,000 report having student loan debt as well. This confirms that taking loans to pay for education is a transversal characteristic across demographics.

Figure 3
Sources of Long-Term Debt Among Generation Y



Note: Percentages are calculated over the total sample of 2,124 observations.

Table 3
Student Loan Debt Among Generation Y

	% with outstanding student loan debt	% of those concerned about ability to pay it off
Full sample	55%	47%
Age 23-29	62%	47%
Age 30-35	49%	47%
Male	53%	41%
Female	56%	51%
Undergraduate degree	53%	48%
Postgraduate degree	59%	46%
Ethnicity - White and Asian	51%	42%
Ethnicity - other	62%	57%
Income < $35K	64%	62%
Income $35K - $75K	55%	50%
Income >$75K	48%	32%
Full-time employed	54%	42%
Part-time employed	57%	57%
Has retirement plan	55%	42%
Does not have retirement plan	57%	61%
N	2,124	-

In addition, about 40 percent of college-educated Generation Y respondents report car loan debt and about 40 percent report mortgage debt. Combining the information on long-term obligations reveals that young, college-educated Americans are deeply indebted. Eighty-one percent of college-educated Millennials have at least one form of outstanding long-term debt and 44 percent have more than one. The typical college-educated Millennial is thus simultaneously managing personal assets and dealing with long-term debt payments.

Because the interest rate on debt normally exceeds the rate of return on assets, and servicing debt requires regular periodic payments that may impact young individuals' balance sheets, the analysis includes an examination of responses to four questions designed to indicate financial distress are examined. These four questions read as follows:[4]

- Are you concerned that you might not be able to pay off your student loans? (Y/N)
- Do you currently owe more on your home than you think you could sell it for today? (Y/N)
- How many times have you been late with your mortgage payments in the last 2 years? (never/once/more than once)
- Do you currently have any unpaid bills from a health care or medical service provider (e.g., a hospital, a doctor's office, or a testing lab) that are past due? (Y/N)

Despite relatively high levels of income and asset ownership, many college-educated Gen-Yers struggle to make debt payments and are worried about their debt. Almost half (47 percent) of those with outstanding student loans are concerned about their ability to pay them off (Table 3). This is especially true among females (51 percent), part-time workers (57 percent), non-Asian minorities (57 percent), and those with lower income (62 percent). According to Fry (2012), the least affluent 20 percent of households carried student debt equal to 24 percent of their annual income in 2010. By comparison, the student loan debt of households in the top 10 percent equaled only 2 percent of annual household income. Even so, one-third (32 percent) of Generation Y respondents with household income greater than $75,000 are concerned about their ability to pay off their student loan debt. Moreover, concern about repaying student loans remains high for years after graduation, 47 percent of college-educated Millennials over age 30 are worried about repaying student loans.

When it comes to housing debt, nearly one-third (31 percent) of those with a mortgage think they owe more than they could sell their home for today, and 20 percent have been late with one or more mortgage payment in the past two years. Gen-Yers struggle to meet other debt obligations as well; for example, 22 percent have unpaid medical bills. This figure is 28 percent among those without health insurance and 26 percent among non-Asian populations and individuals with income below $35,000.

Short-Term Liabilities

College-educated Millennials often carry significant short-term debt in the form of credit card debt. In tandem with a long-term debt burden, this can put Gen Y members in a position of significant financial distress, as evidenced by expensive credit card behavior, high-cost borrowing, overdrawn checking accounts, and loans from retirement accounts.

Credit card ownership and use are the norm for the overwhelming majority of college-educated Gen-Yers. Eighty-seven percent have at least one credit card; 24 percent have four or more cards. The convenience of credit cards comes at a price for many college-educated Millennial as they are a critical source of short-term debt (Table 4). Over the previous year, almost one-half (47 percent) of those with a credit card carried a balance in some months and were charged interest as a result. Furthermore, one-third of card holders made only the minimum required payment in some months during the previous year, 18 percent incurred late payment fees, 13 percent used a credit card for a cash advance, and 10 percent exceeded their credit line. In sum, 43 percent of card holders engaged in one or more of these potentially expensive credit card practices (due to late fees and other charges) over the previous year.

4 Each of these questions includes as possible answers "I do not know" and "I prefer not to say."

Table 4
Credit Card Practices Among Generation Y

Have at least one credit card	87%
Among card holders:	
Carried a balance and was charged interest in some months over previous year	47%
Engagement in expensive credit card behavior in some months over previous year:	
Paid the minimum payment only	35%
Was charged a late fee for late payment	18%
Was charged an over the limit fee for exceeding credit line	10%
Used card for cash advance	13%
Engaged in any form of expensive credit card behavior	43%

There is no notable variation in credit card behavior with age or gender. In addition, such behavior is common at all income levels among college-educated Gen Y, with 36 percent of card holders earning above $75,000 engaging in expensive credit card practices. However, while only 38 percent of whites and Asian-Americans engaged in such behavior, 53 percent of respondents within the group of "other" ethnicities exhibited expensive credit card use.

More important is the apparent connection between long-term debt and credit card practices among college-educated Gen Y. Fifty-three percent of credit card holders with some form of long-term debt carried a card balance and 46 percent engaged in other forms of expensive credit card use (Table 5). By comparison, these percentages are 24 percent and 29 percent, respectively, among card holders without long-term debt. More fundamentally, 53 percent of those with long-term debt report difficulty covering monthly expenses and paying bills, compared with 40 percent of those without long-term debt. It is thus plausible that long-term debt has led to some degree of financial distress and the use of credit cards to make ends meet.

Table 5
Long-Term Debt and Other Financial Behavior

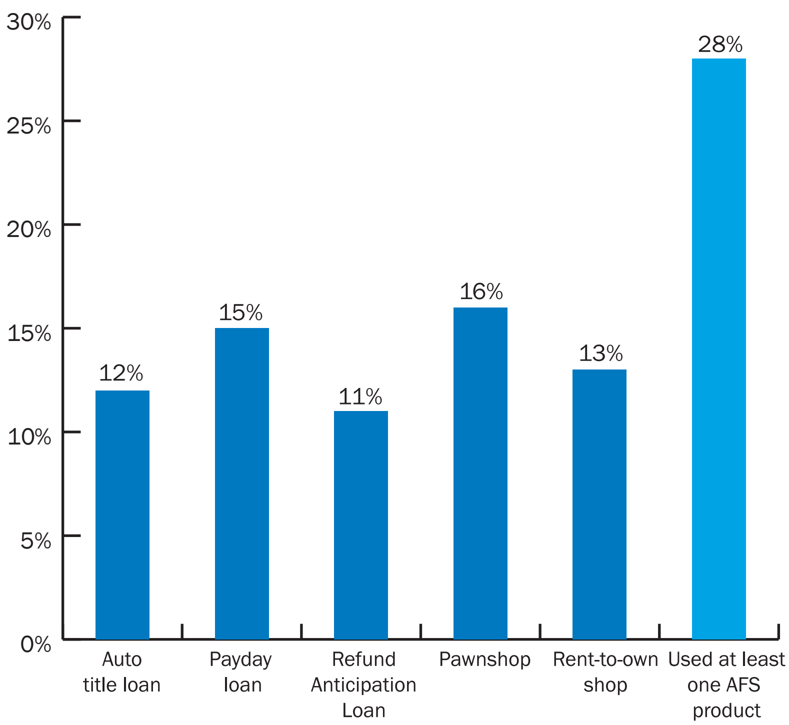
	Has long-term debt	Does not have long-term debt
Has difficulty covering expenses and paying bills.	53%	40%
Carries credit card balances and incurs interest charges.	53%	24%
Engages in other expensive credit card behavior.	46%	29%
Has used alternative high-cost borrowing.	30%	22%
Overdraws checking account.	25%	15%
Has taken a loan or hardship withdrawal from retirement account.	21%	10%

Note: A respondent is defined as having long-term debt if he or she has a student loan, a home mortgage, or a car loan. Percentages are calculated over the relevant subsamples, i.e., those with credit cards, those with checking account, those with a retirement account.

Another source of short-term debt, and potential indicator of financial distress, is the use of alternative financial services (AFS), such as auto-title loans, short-term "payday" loans, tax refund advances, pawn shops, and rent-to-own arrangements. Because of the steep fees incurred, these services have been defined in related research as "high-cost borrowing methods" (Lusardi and de Bassa Scheresberg, 2013). The NFCS survey included questions related to the use of such high-cost borrowing services.

Twenty-eight percent of college-educated Millennials report having used one or more of these high-cost borrowing methods during the past five years (Figure 4). As with expensive credit card use, this behavior seems to hold across income levels, with 22 percent of respondents at the highest income level having used an AFS. Those with postgraduate education are somewhat less likely than those with an undergraduate degree to have used an AFS; 23 percent versus 31 percent, respectively. Differences also emerge when AFS use is examined in the context of ethnicity and gender. Twenty-four percent of white and Asian-American respondents have used an AFS, compared with 38 percent of non-Asian minorities. Men are slightly more likely than women to have used an AFS (32 percent versus 26 percent, respectively).

Figure 4
Generation Y Use of Alternative Financial Services



Note: Percentages are calculated over the total sample of 2,124 observations. The survey questions ask respondents whether they have used these products in the five years prior to the survey.

Analogous to engagement in expensive credit card practices, long-term debt seems to be a factor in the use of high-cost borrowing among college-educated Gen Y. Thirty percent of those with long-term debt have used an AFS, compared with 22 percent of those without long-term debt (Table 5). Alternative financial services normally charge very high interest rates, making this finding of particular concern, as individuals may ultimately find themselves with debt payments that cannot be met.

Overdrawing a checking account and borrowing from a retirement account are also correlated with long-term debt among college-educated Millennials. Among those with long-term debt, 25 percent overdrew their checking account and 21 percent have taken a loan or withdrawal from a retirement account. The figures among those without long-term debt are much lower, at 15 percent and 10 percent, respectively (Table 5).

The troubling implication of these findings is that many college-educated Millennials struggle simultaneously with long-term and short-term liabilities. Even among those with relatively high income, there is evidence that this is the case. Survey respondents were asked about the degree to which they agreed or disagreed with the statement "I have too much debt right now." One-half of college-educated Gen Y agreed that they currently have too much debt (Table 6). Even though perceived over-indebtedness declines with income, 44 percent of respondents with income greater than $75,000 feel that they have too much debt. Interestingly, 50 percent of those with retirement accounts also report that they carry too much debt.

Table 6
Debt Perceptions Among Generation Y

	Full Sample	Age 23–29	Age 30–35	Male	Female	<$35K	$35–$75K	>$75K	Has retirement plan	Does not have retirement plan
How strongly do you agree or disagree with the following statement?– *I have too much debt right now.*										
Disagree (1–3)	34%	33%	35%	35%	33%	29%	30%	42%	36%	30%
Neutral (4)	14%	16%	13%	15%	14%	14%	15%	13%	14%	15%
Agree (5–7)	51%	50%	51%	49%	52%	55%	54%	44%	50%	55%
Don't know	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Prefer not to say	1%	1%	1%	1%	1%	2%	1%	1%	0%	0%
N	2,124	962	1,162	885	1,239	504	826	794	1,461	546

Note: Answers are on a scale from 1 to 7, where 1 means *strongly disagree*, 4 is *neither agree nor disagree*, and 7 is *strongly agree*. Percentages are calculated on the total sample of 2,124 observations.

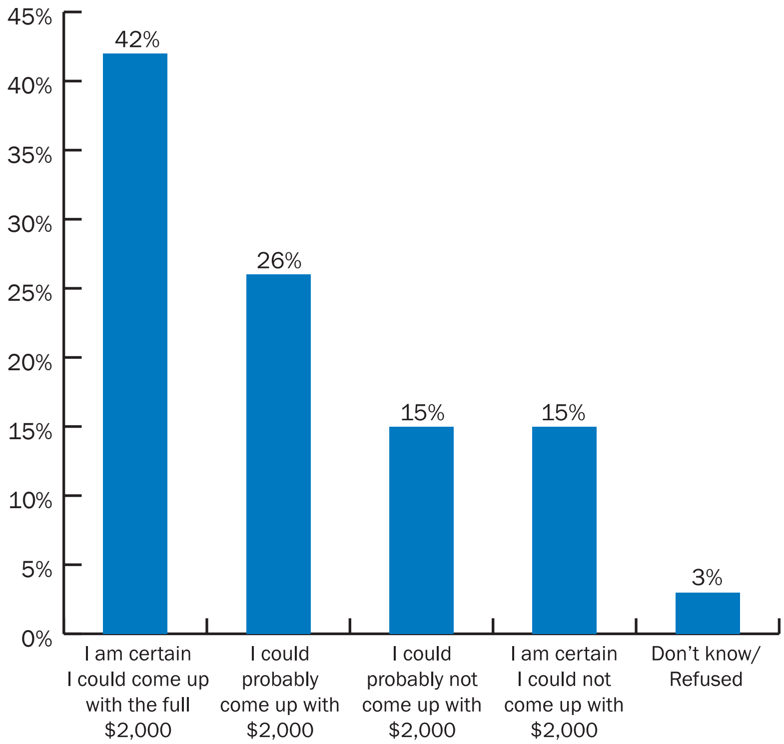
Financial Fragility and Vulnerability to Shocks

Debt obligations put college-educated Gen Y in a potentially vulnerable financial position. Measures of financial fragility were examined to better understand their degree of financial vulnerability. Despite the prevalence of economic shocks, many college-educated Millennials do not have emergency or "rainy day" funds. Less than one-half (48 percent) report having sufficient funds set aside to cover expenses for three months in the event of an unexpected shock. Furthermore, those who do not save for the long run also do not save for the short run; among those without a retirement plan, only 29 percent report having such emergency funds.

Responses to another question—How confident are you that you could come up with $2,000 if an unexpected need arose within the next month?—confirm Gen Y's vulnerability to an unfavorable economic occurrence.[5] Thirty percent of respondents report that they either *probably* or *certainly* could not come up with the funds (Figure 5). In other words, Gen Y is unprepared for short-term economic shocks, having neither the savings nor an alternative source of funds to handle expenses in such a situation.

5 For an analysis of financial vulnerability in a different time period, see Lusardi, Schneider, and Tufano (2011).

Figure 5
Financial Fragility Among Generation Y



Note: The graph reports answers to the question: "How confident are you that you could come up with $2,000 if an unexpected need arose within the next month?" Percentages are calculated over the total sample of 2,124 observations.

The ability to cover expenses in the event of an unexpected economic shock varies across subgroups. While 9 percent of men indicate they would certainly not be able to come up with $2,000 in one month, 19 percent of women report they would have such trouble (Table 7). African-Americans, Hispanics, and members of other non-Asian minorities indicate they would have more difficulty raising $2,000 within a month than do whites and Asian-Americans. Twice as many respondents with a retirement plan relative to those without a plan are *certain* that they could raise the money. This likely reflects the ability to borrow or withdraw funds from many retirement plans. Ultimately, household income is the most important determinant, with 60 percent of those earning above $75,000 per year, 36 percent of those earning between $35,000 and $75,000 per year, and 22 percent of those earning below $35,000 per year being certain that they could come up with $2,000 if needed.

Table 7
Financial Fragility Among Generation Y

	I am certain I could come up with the full $2,000	I could probably come up with $2,000	I could probably not come up with $2,000	I am certain I could not come up with $2,000
How confident are you that you could come up with $2,000 if an unexpected need arose within the next month?				
Full sample	42%	26%	15%	15%
Age 23-29	38%	27%	16%	16%
Age 30-35	44%	25%	13%	14%
Male	50%	27%	12%	9%
Female	36%	25%	16%	19%
Undergraduate degree	37%	26%	17%	18%
Postgraduate degree	52%	25%	10%	10%
Employed full-time	47%	26%	13%	12%
Other than full-time employment	31%	24%	19%	21%
Ethnicity - White and Asian	47%	24%	13%	12%
Ethnicity – other	31%	28%	18%	20%
Income Less Than $35K	22%	22%	22%	30%
Income between $35 and $75K	36%	27%	17%	17%
Income greater than $75K	60%	27%	7%	4%
Married	47%	26%	14%	10%
Not married	36%	25%	16%	20%
Has retirement plan	50%	26%	13%	10%
Does not have retirement plan	24%	24%	21%	27%

Note: Percentages do not add up to 100% because “do not know” and “prefer not to say” answers are not reported in the table. Percentages are calculated on the total sample of 2,124 observations.

In addition to short-run financial fragility, college-educated Millennials are generally not planning for retirement. Less than one-half have tried to determine how much they need to save for their retirement. Those who have not done so share similar characteristics with those who are more likely to be financially fragile.

Despite the high level of financial activity and asset ownership across Gen Y, Millennials tend to find themselves in a fragile financial state, i.e., vulnerable to short-term economic shocks, an outcome likely tied to long-term and short-term liabilities. In this scenario, a negative economic shock likely translates into additional debt. The degree to which this is felt may differ with respect to income, gender, or ethnicity, but the overall challenge is nearly universal among college-educated Gen-Yers.

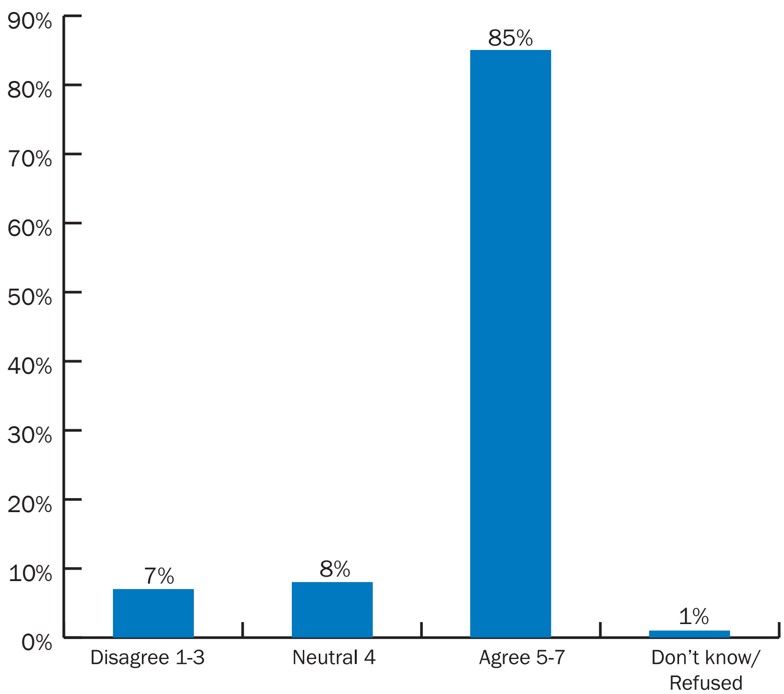
Financial Literacy—Perceptions vs. Reality

A low level of financial literacy underlies the financial decisions of Generation Y. This situation is compounded by a lack of awareness of the lack of financial knowledge, i.e., Millennials don't know what they don't know. So it is not surprising that Gen-Yers think they have a good handle on financial matters and are confident in their ability to make good day-to-day financial decisions.

Eighty-five percent of college-educated Millennials agreed with the statement "I am good at dealing with day-to-day financial matters, such as checking accounts, credit and debit cards, and tracking expenses" (Figure 6). Agreement with this statement is consistent across gender, ethnicity, marital status, employment categories, and income levels. A second subjective measure confirms this self-confidence. Seventy-nine percent rated their level of overall financial knowledge as high (Figure 7). In this case, however, there are clear differences across demographics. Men and those earning more than $75,000 annually are notably more confident about their financial knowledge. Eighty-six percent of men rated themselves as having high financial knowledge compared with 73 percent of women. Similarly, 88 percent of those earning more than $75,000 annually gave themselves a high rating, but only 65 percent of individuals earning less than $35,000 did so. Still, the overwhelming majority of Millennials consider themselves to be highly financially literate and capable of making good day-to-day decisions.

Figure 6
Generation Y Confidence in Their Day-to-Day Financial Management Ability

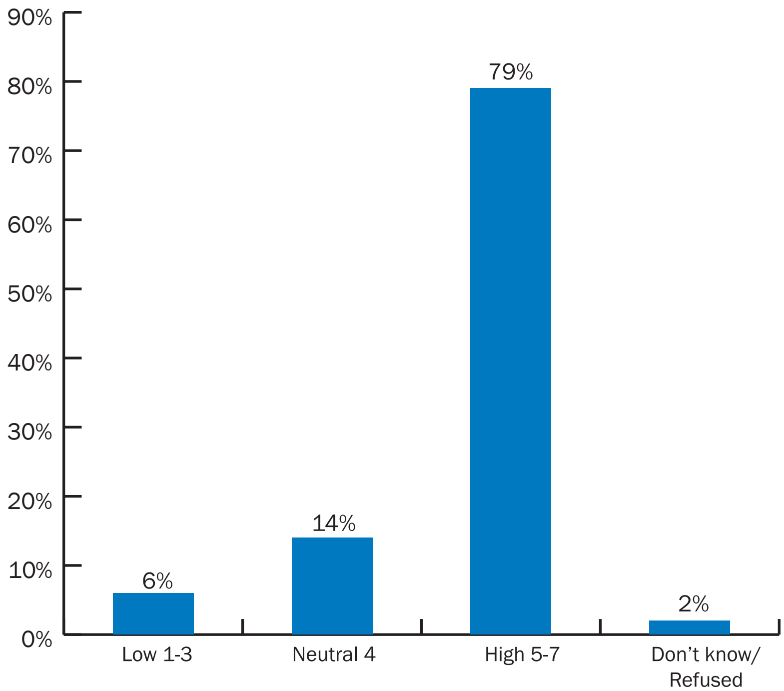
I am good at dealing with day-to-day financial matters, such as checking accounts, credit and debit cards, and tracking expenses.



Note: The graph reports answers to the question: "On a scale from 1 to 7, how much do you agree with the following statement—*I am good at dealing with day-to-day financial matters, such as checking accounts, credit and debit cards, and tracking expenses."*

Figure 7
Generation Y Confidence in Their Financial Knowledge

How would you assess your overall financial knowledge?



Note: The graph reports answers to the question: "On a scale from 1 to 7, where 1 means very low and 7 means very high, how would you assess your overall financial knowledge?"

Such self-assessments are called into question not only by some of the financial behavior discussed earlier, but also by objective measurement of financial literacy via responses to a set of questions designed to test knowledge of basic concepts in economics and finance.[6] The questions, worded using language of everyday transactions, test five fundamental concepts: numeracy and the capacity to do calculations related to interest rates; an understanding of inflation; an understanding of risk diversification of stocks and mutual funds; an understanding of interest payments on a mortgage; and an understanding of the relationship between interest rates and bond prices.[7] Roughly speaking, answering the first three questions correctly indicates a basic level of financial literacy, while correctly answering all five questions indicates a high level of financial literacy.

Despite self-perceptions of high financial knowledge among college-educated Millennials, only 14 percent answered all five questions correctly, and only 37 percent answered the first three questions correctly (Table 8). Even among those who rated themselves highly, only 16 percent answered all five questions correctly and 41 percent answered the first three questions correctly. Averages hide large differences among demographic sub-groups. Men are twice as likely as women to have high financial literacy, and whites and Asian-Americans are twice as likely as other ethnicities to have high financial literacy (Table 9). Financial literacy generally increases with income. The highest-earning respondents have financial literacy levels that are three times those of respondents in the lowest income group. Finally, while 18 percent of those who have retirement plans are highly financially literate, only 8 percent of those without retirement plans are as knowledgeable.

6 The financial literacy questions were originally designed by Lusardi and Mitchell for the U.S. Health and Retirement Study (2008, 2011a) and subsequently included in numerous surveys in the United States and abroad. For an international comparison of financial literacy, see Lusardi and Mitchell 2011b, 2014.

7 See the appendix for the exact wording of the five financial literacy questions.

Table 8
Generation Y Financial Literacy

	% Answering Correctly	% Don't Know
Numeracy question	81%	8%
Inflation question	59%	17%
Risk diversification question	53%	36%
Mortgage question	81%	11%
Bond prices question	29%	36%
Answered the first three questions correctly	38%	-
Answered all questions correctly	14%	-

Note: Percentages are calculated over the total sample of 2,124 respondents. Question wording is reported in the Appendix.

Table 9
Generation Y Financial Literacy by Demographic Characteristics

	Basic level of financial literacy (answered first 3 questions correctly)	Advanced level of financial literacy (answered all 5 questions correctly)	Mean number of correct answers (out of 5)	Mean number of "don't know" responses (out of 5)
Full sample	38%	14%	3.0	1.1
Age 23-29	32%	11%	2.9	1.2
Age 30-35	42%	17%	3.1	1.0
Male	48%	21%	3.3	0.7
Female	30%	9%	2.9	1.3
Undergraduate degree	33%	12%	2.9	1.1
Postgraduate degree	47%	19%	3.2	1.0
Employed full-time	42%	16%	3.2	1.0
Other than full-time employment	30%	10%	2.8	1.3
Ethnicity - White and Asian	43%	17%	3.2	1.0
Ethnicity - other	27%	9%	2.8	1.1
Income Less Than $35K	24%	8%	2.6	1.5
Income between $35 and $75K	34%	12%	3.0	1.1
Income greater than $75K	49%	21%	3.3	0.8
Married	39%	15%	3.1	1.0
Not married	36%	13%	3.0	1.2
Has retirement plan	44%	17%	3.3	0.9
Does not Have Retirement Plan	25%	8%	2.7	1.4

Note: Percentages are calculated over the total sample of 2,124 respondents. Question wording is reported in the Appendix.

Overall, there is a notable mismatch among college-educated Millennials between their perceived and demonstrated levels of financial literacy, with the former exceeding the latter. They also have less financial knowledge than might be expected given their educational attainment. On the other hand, given that only 29 percent have received financial education through school or work, perhaps low financial literacy is to be expected. This indicates a need for increased financial education, as improved financial literacy would mean more informed financial decision making.

Financial Advice

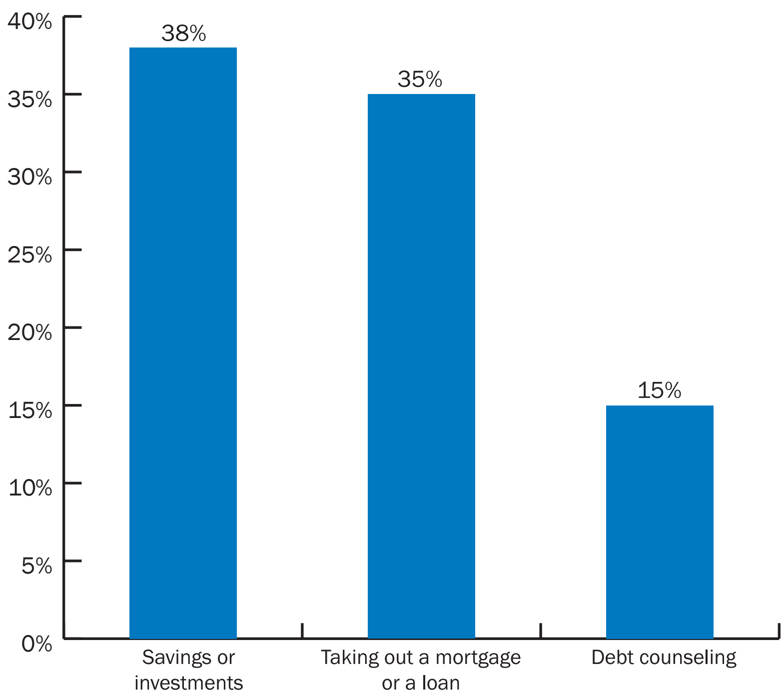
The survey also included questions to gauge whether individuals rely on the advice of financial professionals. Specifically, respondents were asked whether they had received advice from a financial professional in the five years prior to the survey about any of the following:[8]

- Savings and investments
- Debt counseling
- Taking out a mortgage or a loan

Over one-half (53 percent) of college-educated Millennials received financial advice on one or more of these issues in the five years prior to the survey. Over one-third of respondents received advice on savings and investments (38 percent) and on taking out a mortgage or loan (35 percent) (Figure 8). Only 15 percent received debt counseling advice from a financial professional; even among those who feel that they have too much debt, only 21 percent received this type of advice.

Figure 8
Generation Y Use of Professional Financial Advice

In the last 5 years, have you asked for any advice from a financial professional about any of the following?



Note: The graph reports answers to the question: "In the last 5 years, have you asked for any advice from a financial professional [outside of the military] about any of the following? Debt counseling; Savings or investments; Taking out a mortgage or a loan."

8 The survey also includes information on the use of professional advice for insurance or tax planning purposes, but since these are not relevant in this context we concentrate on the other three measures.

The statistics are quite telling: many college-educated Millennials have low financial literacy levels; many are not aware of their low financial literacy; many have not received any formal financial education; and many have not received any form of professional financial advice.

Financial Behaviors and Associated Factors: Connecting the Dots

Analysis of the financial management attitudes, perceptions, and practices of Generation Y highlights areas where Millennials may benefit from education, guidance and advice. Of particular note is the long-term debt of Generation Y and the negative impact it may be having on other financial behavior and overall financial vulnerability. A generally low level of financial literacy is also notable. Moreover, while most Millennials have retirement accounts, many of them have not given thought to retirement planning and are not seeking advice about saving and investing.

Multivariate analysis can help connect the dots with the objective being a better understanding of the determinants of Gen Y behavior. Clearly, there are many factors impacting the personal finances of Millennials. As mentioned earlier, this generation is facing one of the worst job markets in decades, has been hit by income shocks, and attended college at a time of rapid increases in education costs. Financial literacy, willingness to take risks, and individual-specific experiences also influence financial management. Debt, some of which can be the result of poor financial management, can also be a factor driving subsequent financial decisions. Demographics may also play a role. The analysis below takes these multiple factors into account in analyzing financial behavior. Four financial indicators are considered:

1. Indebtedness
2. Financial fragility
3. Retirement planning
4. Receipt of financial advice

Each of the four indicators was transformed into a dummy variable with values equal to one or zero; each variable is then analyzed with respect to its contribution to the chance of having too much debt, being financially fragile, and so on. The first variable is equal to 1 if the respondent answered with a 5, 6, or 7 to the question "On a scale from 1 to 7, how strongly do you agree with the following statement: *I have too much debt right now*?" and zero otherwise.[9] The second variable takes the value 1 for respondents reporting that they are unlikely to be able to come up with $2,000 in one month in the event of an unexpected expense. The third variable is equal to 1 if the respondent has tried to determine how much to save for retirement. The fourth variable is equal to 1 if the respondent sought advice from a financial professional regarding saving or investments within the past five years. The sample for the empirical analysis is composed of 2,011 observations.[10]

Table 10 reports estimates for the indicators of financial distress: indebtedness and financial fragility. Table 11 reports estimates for the other two indicators: retirement planning and financial advice. These variables represent areas where changes or improvements are generally needed among many Millennials. For all indicators, we use two specifications. First, a parsimonious specification considers several demographic characteristics, indicators for income and labor market shocks, and risk preferences. A second specification adds more indicators, such as the capacity to deal with shocks (whether the respondent has health insurance), a crude proxy for future income (a dummy for whether the respondent has a home), and a dummy for having student loans, as our analysis has indicated that student loan debt may play an important role in the financial situation of Millennials. Each regression also includes a measure of high financial literacy, which is a dummy variable equal to one for respondents who correctly answered all the financial literacy questions in the survey, zero otherwise.

9 In the survey, 1 is associated with *strongly disagree*, 4 with *neither agree nor disagree*, and 7 with *strongly agree*.

10 Starting from a sample of 2,124 observations, we deleted 113 observations (5 percent of the total) because of missing information in one or more of the dependent variables. Note that responses such as "I do not know" and "I prefer not to say" were coded as zeros and not deleted from the sample.

Table 10
Multivariate Regressions – Indebtedness and Financial Fragility

	(1) Have too much debt	(2) Have too much debt	(3) Cannot come up with $2,000	(4) Cannot come up with $2,000
Answered all financial literacy q's correctly	-0.066**	-0.061**	0.006	0.011
	(0.031)	(0.030)	(0.027)	(0.026)
Female	0.031	0.031	0.074***	0.074***
	(0.023)	(0.022)	(0.020)	(0.019)
Black non-Hispanic	0.043	0.007	0.080***	0.060**
	(0.032)	(0.030)	(0.027)	(0.027)
Hispanic (any race)	-0.007	0.003	0.046*	0.048*
	(0.032)	(0.031)	(0.027)	(0.027)
Asian non-Hispanic	-0.156***	-0.067**	-0.063**	-0.038
	(0.035)	(0.034)	(0.030)	(0.030)
Other ethnicity	-0.012	-0.005	0.015	0.011
	(0.059)	(0.056)	(0.050)	(0.049)
Age 30–35	0.014	0.044**	0.027	0.048**
	(0.023)	(0.022)	(0.020)	(0.020)
Single	-0.003	-0.015	0.019	0.003
	(0.028)	(0.026)	(0.023)	(0.023)
Separated	0.107*	0.112**	0.073	0.061
	(0.058)	(0.055)	(0.049)	(0.048)
Widow/widower	-0.085	-0.086	-0.004	-0.015
	(0.243)	(0.230)	(0.205)	(0.202)
One child	0.065**	0.058**	-0.004	0.003
	(0.030)	(0.029)	(0.025)	(0.025)
Two or more children	0.037	0.022	0.062**	0.070***
	(0.031)	(0.030)	(0.026)	(0.026)
Self-employed	-0.034	-0.043	-0.113***	-0.123***
	(0.048)	(0.045)	(0.040)	(0.040)
Unemployed	-0.085	-0.114**	0.129***	0.102**
	(0.056)	(0.054)	(0.048)	(0.047)
Income $25–35K	-0.008	-0.015	-0.065*	-0.057
	(0.046)	(0.043)	(0.039)	(0.038)
Income $35–50K	0.051	0.061	-0.110***	-0.085**
	(0.041)	(0.039)	(0.034)	(0.034)
Income $50–75K	-0.022	0.011	-0.172***	-0.124***
	(0.039)	(0.038)	(0.033)	(0.033)
Income $75–100K	-0.071*	-0.023	-0.300***	-0.239***
	(0.043)	(0.042)	(0.036)	(0.037)

Income $100–150K	-0.103**	-0.063	-0.344***	-0.280***
	(0.046)	(0.045)	(0.039)	(0.040)
Income more $150K	-0.136**	-0.090*	-0.389***	-0.315***
	(0.054)	(0.053)	(0.046)	(0.047)
Postgraduate education	0.057**	0.023	-0.078***	-0.093***
	(0.024)	(0.023)	(0.020)	(0.020)
Risk preference: medium	-0.010	-0.003	-0.077***	-0.072***
	(0.030)	(0.028)	(0.025)	(0.025)
Risk preference: high	0.045	0.050*	-0.123***	-0.117***
	(0.030)	(0.028)	(0.025)	(0.025)
Income shock	0.238***	0.200***	0.177***	0.157***
	(0.026)	(0.025)	(0.022)	(0.022)
Has house		0.018		-0.076***
		(0.024)		(0.021)
No health insurance		0.096***		0.092***
		(0.031)		(0.027)
Has student loan		0.325***		0.125***
		(0.021)		(0.019)
Constant	0.429***	0.204***	0.447***	0.362***
	(0.048)	(0.048)	(0.041)	(0.042)
Observations	2011	2011	2011	2011
R-squared	0.089	0.187	0.216	0.243

Note: The dependent variable "Have too much debt" is equal to one if the respondent answered with a 5, 6, or 7 to the question "On a scale from 1 to 7, how strongly do you agree with the following statement: *I have too much debt right now*?" and zero otherwise. The dependent variable "Cannot come up with $2,000" takes the value one if the respondent is probably or certainly not able to come up with $2,000 in one month, zero otherwise. The sample excludes 113 observations from the original sample for which there is missing information in one or more of the dependent variables. Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 11
Multivariate Regressions – Retirement Planning and Use of Professional Advice

	(1) Planned for retirement	(2) Planned for retirement	(3) Received savings/ investment advice	(4) Received savings/ investment advice
Answered all financial literacy q's correctly	0.062^{**}	0.058^{*}	-0.061^{**}	-0.064^{**}
	(0.031)	(0.030)	(0.030)	(0.030)
Female	-0.026	-0.027	-0.046^{**}	-0.046^{**}
	(0.023)	(0.022)	(0.022)	(0.022)
Black non-Hispanic	0.071^{**}	0.070^{**}	0.050	0.055^{*}
	(0.031)	(0.031)	(0.031)	(0.031)
Hispanic (any race)	-0.024	-0.019	0.050	0.052^{*}
	(0.032)	(0.031)	(0.031)	(0.031)
Asian non-Hispanic	-0.052	-0.020	-0.021	-0.012
	(0.034)	(0.034)	(0.034)	(0.034)
Other ethnicity	0.073	0.084	0.025	0.031
	(0.058)	(0.057)	(0.057)	(0.057)
Age 30–35	-0.006	-0.010	-0.069^{***}	-0.077^{***}
	(0.023)	(0.023)	(0.022)	(0.023)
Single	-0.035	-0.023	-0.024	-0.013
	(0.027)	(0.027)	(0.027)	(0.027)
Separated	-0.015	0.005	-0.008	0.004
	(0.057)	(0.056)	(0.056)	(0.056)
Widow/widower	-0.353	-0.341	-0.272	-0.263
	(0.237)	(0.235)	(0.234)	(0.234)
One child	0.044	0.028	0.066^{**}	0.057^{*}
	(0.029)	(0.029)	(0.029)	(0.029)
Two or more children	-0.013	-0.034	0.076^{**}	0.063^{**}
	(0.030)	(0.030)	(0.030)	(0.030)
Self-employed	0.057	0.067	0.035	0.042
	(0.046)	(0.046)	(0.046)	(0.046)
Unemployed	-0.105^{*}	-0.086	-0.194^{***}	-0.180^{***}
	(0.055)	(0.055)	(0.054)	(0.055)
Income $25–35K	0.056	0.040	0.063	0.053
	(0.045)	(0.045)	(0.044)	(0.044)
Income $35–50K	0.080^{**}	0.051	0.114^{***}	0.094^{**}
	(0.040)	(0.040)	(0.039)	(0.040)
Income $50–75K	0.155^{***}	0.115^{***}	0.149^{***}	0.117^{***}
	(0.038)	(0.039)	(0.038)	(0.039)
Income $75–100K	0.235^{***}	0.188^{***}	0.171^{***}	0.132^{***}
	(0.042)	(0.043)	(0.041)	(0.042)

Income $100–150K	0.317***	0.261***	0.278***	0.233***
	(0.045)	(0.046)	(0.044)	(0.046)
Income more $150K	0.340***	0.275***	0.264***	0.212***
	(0.053)	(0.055)	(0.052)	(0.054)
Postgraduate education	0.016	0.010	0.018	0.020
	(0.023)	(0.023)	(0.023)	(0.023)
Risk preference: medium	0.082***	0.079***	0.136***	0.134***
	(0.029)	(0.029)	(0.028)	(0.028)
Risk preference: high	0.198***	0.194***	0.233***	0.229***
	(0.029)	(0.029)	(0.029)	(0.029)
Income shock	0.103***	0.101***	0.091***	0.095***
	(0.025)	(0.025)	(0.025)	(0.025)
Has house		0.109***		0.078***
		(0.024)		(0.024)
No health insurance		-0.070**		-0.051
		(0.032)		(0.032)
Has student loan		0.078***		0.002
		(0.022)		(0.022)
Constant	0.175***	0.127**	0.130***	0.128***
	(0.047)	(0.049)	(0.046)	(0.049)
Observations	2011	2011	2011	2011
R-squared	0.127	0.143	0.120	0.126

Note: The dependent variable “Planned for retirement” is equal to one if respondent has ever tried to figure out how much to save for retirement, and zero otherwise. The dependent variable “received savings/investment advice ” is equal to one if in the five years prior to the survey the respondent received advice from a financial professional on a topic related to savings or investments, and zero otherwise. The sample excludes 113 observations from the original sample for which there is missing information in one or more of the dependent variables. Standard errors in parentheses. *** $p<0.01$, ** $p<0.05$, * $p<0.1$

The estimates show that both income and income shocks are important predictors of financial distress. Clearly, some of the reasons why Millennials are struggling financially have to do with the recession and the poor job market. For example, those who are currently unemployed are much more likely to be financially fragile. But the recession seems also have been a wake-up call for these young individuals; those who suffered an income shock are more likely to both plan for retirement and to consult an advisor for saving and investment advice.

Moreover, the multivariate analysis documents that only a few demographic variables are statistically significant when analyzing the likelihood of being highly indebted. This finding confirms what was highlighted previously in the report: indebtedness appears to be a transversal characteristic that goes beyond the demographic differences in the sample and is widespread among different subgroups. An important exception are Asian-Americans, who were found to be 7 to 16 percentage points less likely than whites to feel that they had too much debt. Additionally, over-indebtedness appears to increase with education, suggesting an additional impact from student loans taken to finance postgraduate studies. Carrying a student loan has a considerable impact on over-indebtedness; those with an outstanding student loan are 32 percentage points more likely to feel that they have too much debt.

The multivariate analysis confirms the descriptive findings indicating that a number of demographic groups are more likely to be financially vulnerable. The regression results show that female respondents, Blacks, Hispanics, individuals with two or more children, and the unemployed are less likely to be able to come up with $2,000 in one month in the event of an emergency. Financial fragility is also much more likely among those who experienced an income shock (an additional 16 to 18 percentage points), those with a student loan (an additional 12 percentage points), and those who lack health insurance (an additional 9 percentage points), which shows how past shocks and outstanding debt can be important determinants of financial fragility.

Financial literacy is also a key determinant. Those who correctly answered all five financial literacy questions are 6 to 7 percentage points less likely to feel highly indebted, 6 percentage points less likely to seek investment advice from a professional, and 6 percentage points more likely to plan for retirement.[11] The coefficient related to financial literacy remains significant in both the reduced and extended specifications, even after controlling for postgraduate education, indicating that financial literacy holds explanatory power above and beyond the effect of advanced education.

Overall, fewer variables correlate with planning for retirement and receiving financial advice. However, income and income shocks play an important role, implying that lower earners may also be more exposed to retirement insecurity due to a lack of planning and lack of advice. This is particularly worrisome given that the lower income groups also have lower levels of financial literacy.

Key Findings and Implications

This report has documented the financial knowledge, attitudes, practices and profile of college-educated Millennials. Despite generally greater financial resources than the population as a whole, debt and poor personal financial management practices are notable challenges for Gen Y and institutions that work with this generation. Six key findings can be highlighted from the analysis:

1. Millennials are financially active in terms of asset ownership.
2. Focusing on the asset side of the balance sheet without considering liabilities provides a distorted view of Gen Y's financial profile.
3. College-educated Millennials are confident in their ability to manage day-to-day financial matters, but there are signs of overconfidence.
4. Debt is widespread among Gen Y, as is worry about repaying debt, particularly student loans.
5. Long-term debt among Millennials is associated with poor short-term personal financial management, such as engagement in expensive credit card practices, the use of expensive alternative financial services, and tapping into retirement accounts.
6. Underlying Gen Y financial decision making is a generally low level of financial literacy, which is not surprising given that most have not received any form of financial education.

Three implications stand out from these findings:

1. *College-educated Millennials would likely benefit from assistance with debt management*.

   While it may seem savvy and rational to use other sources of credit to make ends meet and make payments on longer-term debt, it is not viable in the long run without a change in the individual's financial circumstances, such as an increase in earnings. Proactively addressing the issue of debt management should be at the forefront of financial services provided to Generation Y. This will help ensure both their short-term and long-term financial stability and security.

11 Financial literacy is not significantly related to financial vulnerability.

2. *Engaging Millennials may be difficult since they are unaware of their lack of financial knowledge and are confident in their day-to-day financial management decisions*.

   Rather than trying to "shock" the confidence of Gen Y by pointing out their financial literacy deficiencies, a more effective strategy might be to leverage their confidence in guiding them toward sound financial decisions. Millennials (especially highly educated ones) want to be at the center of their life decisions, and an approach that recognizes and respects this holds the promise of better results than the more standard delegation of decision making power. Millennials do not want to be told what to do. They want guidance that enables them to determine what is in their best interest and the tools to take action accordingly. Gen Y peer-to-peer engagement regarding personal finances through social media could develop recognition, interest, and knowledge, and ultimately lead to action. These conversations need to be seeded with relevant information that will lead to positive behavior changes.

3. *Financial literacy cannot be taken for granted, even among highly educated individuals*.

   The largest generation in U.S. history is unaware that it is poorly equipped to effectively manage its personal finances. However, this is not surprising when one recognizes that most Millennials have not received any formal financial education. In response, institutions and organizations that seek to be thought leaders and provide the best services to young adults must recognize the gravity of this failing and take an active role in providing appropriate financial education.

Conclusions

This study has used new data from the NFCS to analyze salient issues related to college-educated Millennials' financial capability, practices and status, and in the process identify key financial challenges they face. The study examines perceived versus demonstrated readiness to manage personal finances and builds an innovative and comprehensive financial profile of college-educated members of Gen Y. As demonstrated by the analysis, despite encouraging findings in terms of asset ownership, college-educated Millennials are burdened by debt and struggle to meet payments on short- and long-term obligations. They turn to expensive credit card practices and alternative financial services to help make ends meet, and they lack a financial reserve to help meet the expenses of an unexpected negative event. Furthermore, underlying Gen Y financial decision making is a generally low level of financial literacy, which is not surprising given that most have not received any form of financial education.

The results suggest that the promotion of financial literacy—through financial education—is needed. In particular, there is a need for improved knowledge and understanding regarding debt and debt management. Policies aimed at improving financial literacy could help Gen Y minimize the costs incurred in managing debt, improve personal financial safety nets, and fortify both short-term and long-term financial stability and security. The gap between the financial responsibilities of Gen Y and their ability to manage financial decisions and take advantage of financial opportunities has both individual and societal implications if it remains unaddressed.

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Dr. Lusardi has won numerous research awards. Among them is a research fellowship from the Irving B. Harris Graduate School of Public Policy Studies at the University of Chicago, a faculty fellowship from the John M. Olin Foundation, a junior and senior faculty fellowship from Dartmouth College, the William E. Odom Visionary Leadership Award from the Jump$tart Coalition for Personal Financial Literacy, and the National Numeracy Network's inaugural 2012 Steen Award. Moreover, she is the recipient of the Fidelity Pyramid Prize, an award given to authors of published applied research that best helps address the goal of improving lifelong financial well-being for Americans.

Paul Yakoboski is a senior economist with the TIAA-CREF Institute. He conducts and manages research on issues related to defined contribution plan design, retirement planning and saving behavior, income and asset management in retirement, managing retirement patterns, and topics relevant to strategic management in the higher education and non-profit sectors. He is responsible for the development and execution of Institute forums on such issues. Yakoboski serves as director of the Institute's Fellows Program and editor of the Institute's *Trends and Issues* and *Advancing Higher Education* publication series.

Prior to joining the TIAA-CREF Institute, Yakoboski held positions as Director of Research for the American Council of Life Insurers (2000 to 2004), Senior Research Associate with the Employee Benefit Research Institute (1991 to 2000) and Senior Economist with the U.S. Government Accountability Office (1989 to 1991). Yakoboski previously served as Director of Research for the American Savings Education Council (1995 to 2000). He was an adjunct faculty member at Nazareth College (Rochester, NY) from 1986 to 1988.

Yakoboski is a member of the American Economic Association and the National Academy of Social Insurance. He also serves on the board of the *Journal of Retirement*, the editorial advisory board of *Benefits Quarterly*, the research committee of the Insured Retirement Institute and the Society of Actuaries' Committee on Post-Retirement Needs and Risks. Yakoboski earned his Ph.D. (1990) and M.A. (1987) in economics from the University of Rochester (Rochester, NY) and his B.S. (1984) in economics from Virginia Tech (Blacksburg, VA).

Appendix I

Exact Wording of Financial Literacy Questions Included in the Survey (**Indicates Correct Answer)

1. Suppose you had $100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?
   - ❍ More than $102 **
   - ❍ Exactly $102
   - ❍ Less than $102
   - ❍ Do not know
   - ❍ Refuse to answer

2. Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?
   - ❍ More than today
   - ❍ Exactly the same
   - ❍ Less than today **
   - ❍ Do not know
   - ❍ Refuse to answer

3. Please tell me whether this statement is true or false. "Buying a single company's stock usually provides a safer return than a stock mutual fund."
   - ❍ True
   - ❍ False **
   - ❍ Do not know
   - ❍ Refuse to answer

4. A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less.
   - ❍ True **
   - ❍ False
   - ❍ Do not know
   - ❍ Prefer not to say

5. If interest rates rise, what will typically happen to bond prices?
   - ❍ They will rise
   - ❍ They will fall **
   - ❍ They will stay the same
   - ❍ There is no relationship between bond prices and the interest rates
   - ❍ Do not know
   - ❍ Prefer not to say

Appendix II

Cross-Tabulation I
Assets

	All Sample	Age 23-29	Age 30-35	Male	Female	College Grad	Post College Education	Employed Full Time	Other Than Full Time Employment	Ethnicity - White and Asian	Ethnicity - Other	Income Less Than $35k	Income between $35 and $75k	Income greater than $75k	Married	Not Married	Has Retirement Plan	Does not Have Retirement Plan
Banked (If respondent has a checking account or a savings account)	95.8%	94.8%	96.6%	96.4%	95.4%	95.2%	97.1%	97.1%	93.2%	96.4%	94.6%	92.3%	96.1%	97.7%	96.3%	95.3%	98.4%	93.8%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
Not including retirement accounts, do you [does your household] have any investments in stocks, bonds, mutual funds, or other securities?																		
Yes	39.9%	33.9%	44.9%	49.8%	32.8%	36.2%	47.5%	45.8%	28.2%	42.2%	35.2%	17.4%	35.4%	58.2%	44.3%	35.2%	50.8%	13.5%
No	56.0%	61.4%	51.5%	48.1%	61.7%	60.0%	48.0%	51.2%	65.5%	53.6%	60.9%	78.2%	60.6%	37.8%	50.9%	61.5%	46.7%	85.1%
Don't know	2.5%	2.8%	2.2%	0.7%	3.7%	2.2%	2.9%	1.7%	3.9%	2.4%	2.5%	2.3%	2.3%	2.7%	3.1%	1.8%	1.7%	0.6%
Prefer not to say	1.6%	1.9%	1.4%	1.4%	1.8%	1.7%	1.6%	1.2%	2.4%	1.7%	1.5%	2.1%	1.7%	1.3%	1.8%	1.5%	0.8%	0.8%
Total	2075	938	1137	865	1210	1391	684	1379	696	1390	685	478	809	788	1075	1000	1446	518
Do you [or your spouse/partner] currently own any of the following? - Your home																		
Yes	49.0%	35.8%	59.9%	53.7%	45.6%	47.9%	51.2%	54.8%	37.7%	51.2%	44.5%	19.8%	46.7%	69.8%	65.1%	31.9%	60.1%	23.6%
No	49.1%	62.1%	38.4%	44.2%	52.6%	50.0%	47.3%	43.7%	59.5%	46.8%	53.7%	77.6%	50.8%	29.2%	33.0%	66.1%	39.2%	75.3%
Don't know	1.1%	1.1%	1.0%	1.5%	0.8%	1.2%	0.9%	0.8%	1.7%	1.1%	1.0%	1.4%	1.2%	0.8%	1.4%	0.8%	0.3%	0.7%
Prefer not to say	0.8%	1.0%	0.7%	0.7%	1.0%	0.9%	0.7%	0.7%	1.1%	0.8%	0.8%	1.2%	1.2%	0.3%	0.6%	1.2%	0.4%	0.4%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
Do you [or your spouse/partner] currently own any of the following? - Other real estate (for example, a second home, investment property, or farm) [2012 text changed]																		
Yes	14.0%	10.6%	16.9%	16.8%	12.0%	13.7%	14.7%	14.5%	13.1%	13.8%	14.4%	4.2%	12.2%	22.2%	19.2%	8.5%	17.3%	6.6%
No	84.2%	87.0%	81.8%	81.6%	86.0%	84.6%	83.3%	84.4%	83.8%	84.5%	83.6%	93.3%	86.2%	76.3%	78.9%	89.7%	82.2%	92.5%
Don't know	1.0%	1.2%	0.8%	1.0%	1.0%	0.9%	1.2%	0.6%	1.7%	0.9%	1.1%	1.2%	0.7%	1.1%	1.3%	0.7%	0.2%	0.5%
Prefer not to say	0.8%	1.1%	0.5%	0.6%	1.0%	0.8%	0.9%	0.5%	1.4%	0.8%	0.8%	1.4%	0.8%	0.4%	0.6%	1.1%	0.3%	0.4%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
When thinking of your financial investments, how willing are you to take risks?																		
Not Willing 1-3	22.0%	25.6%	19.1%	13.6%	28.1%	23.3%	19.5%	18.6%	28.7%	20.7%	24.7%	37.5%	22.6%	11.6%	18.5%	25.8%	17.5%	34.6%
Neutral 4-7	48.4%	47.6%	49.1%	45.0%	50.8%	49.3%	46.5%	49.3%	46.7%	51.4%	42.4%	42.5%	51.5%	49.0%	49.6%	47.1%	50.8%	44.9%
Willing 8-10	27.3%	24.5%	29.5%	40.1%	18.1%	25.2%	31.6%	30.6%	20.7%	26.1%	29.7%	15.3%	23.7%	38.5%	29.8%	24.6%	30.5%	17.4%
Don't know	1.8%	1.9%	1.7%	0.9%	2.4%	1.8%	1.7%	1.2%	2.9%	1.3%	2.7%	4.0%	1.5%	0.8%	1.5%	2.1%	1.1%	2.6%
Prefer not to say	0.5%	0.4%	0.6%	0.5%	0.6%	0.4%	0.7%	0.3%	1.0%	0.5%	0.6%	0.8%	0.7%	0.1%	0.6%	0.4%	0.1%	0.5%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546

	All Sample	Age 23-29	Age 30-35	Male	Female	College Grad	Post College Education	Employed Full Time	Other Than Full Time Employment	Ethnicity - White and Asian	Ethnicity - Other	Income Less Than $35k	Income between $35 and $75k	Income greater than $75k	Married	Not Married	Has Retirement Plan	Does not Have Retirement Plan
Do you [or your spouse/partner] have any retirement plans through a current or previous employer, like a pension plan, [a Thrift Savings Plan (TSP),] or a 401(k)?																		
Yes	63.3%	56.4%	69.0%	65.3%	61.9%	60.8%	68.6%	73.9%	43.0%	66.2%	57.5%	31.3%	66.9%	79.8%	74.1%	52.0%	92.1%	0.0%
No	31.2%	37.4%	26.1%	29.4%	32.5%	34.2%	25.1%	22.5%	48.1%	28.4%	36.9%	62.3%	27.1%	15.7%	20.0%	43.1%	7.3%	100.0%
Don't know	4.8%	5.3%	4.4%	4.9%	4.8%	4.2%	6.1%	3.4%	7.5%	4.7%	4.9%	4.8%	5.4%	4.2%	5.2%	4.4%	0.6%	0.0%
Prefer not to say	0.7%	0.8%	0.5%	0.5%	0.8%	0.8%	0.3%	0.2%	1.5%	0.6%	0.7%	1.6%	0.5%	0.3%	0.7%	0.6%	0.0%	0.0%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
Were these plans provided by your employer or your [spouse's/partner's] employer, or both?																		
Your employer	36.8%	35.5%	37.6%	51.0%	26.6%	35.5%	39.0%	43.4%	18.5%	34.8%	42.1%	37.0%	40.4%	34.4%	35.4%	44.3%	36.8%	0.0%
Your [spouse's/partner's] employer	22.6%	29.6%	18.4%	11.8%	30.3%	26.2%	16.2%	10.0%	57.5%	23.7%	19.5%	41.1%	27.9%	16.7%	23.3%	18.8%	22.6%	0.0%
Both your employer and your [spouse's/partner's] employer	39.9%	33.8%	43.6%	36.8%	42.2%	37.5%	44.2%	46.2%	22.4%	40.7%	37.9%	19.2%	30.5%	48.7%	40.6%	36.2%	39.9%	0.0%
Don't know	0.7%	1.1%	0.5%	0.5%	0.9%	0.8%	0.6%	0.4%	1.6%	0.9%	0.4%	2.7%	1.2%	0.2%	0.7%	0.7%	0.7%	0.0%
Prefer not to say	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	957	358	599	400	557	606	351	703	254	696	261	73	344	540	808	149	957	0
Are any of these retirement plans the kind where you [or your spouse/partner] get to choose how the money is invested?																		
Yes	71.3%	70.2%	72.1%	78.0%	66.2%	69.2%	75.2%	74.1%	62.1%	72.6%	68.3%	55.1%	65.1%	80.8%	71.5%	70.9%	71.3%	0.0%
No	18.2%	17.7%	18.6%	16.8%	19.3%	18.2%	18.3%	17.9%	19.3%	17.4%	20.1%	29.7%	22.6%	11.5%	17.7%	19.0%	18.2%	0.0%
Don't know	10.3%	12.0%	9.2%	5.0%	14.3%	12.5%	6.3%	7.9%	18.3%	9.8%	11.5%	15.2%	11.9%	7.7%	10.6%	9.9%	10.3%	0.0%
Prefer not to say	0.1%	0.2%	0.1%	0.2%	0.1%	0.1%	0.2%	0.1%	0.3%	0.2%	0.0%	0.0%	0.4%	0.0%	0.1%	0.2%	0.1%	0.0%
Total	1345	543	802	578	767	869	476	1034	311	938	407	158	553	634	808	537	1345	0
Do you [or your spouse/partner] have any other retirement accounts NOT through an employer, like an IRA, Keogh, SEP, or any other type of retirement account that you have set up yourself?																		
Yes	31.3%	24.9%	36.5%	38.4%	26.2%	28.4%	37.2%	35.5%	23.1%	33.5%	26.8%	12.7%	26.5%	48.0%	37.9%	24.2%	45.4%	0.0%
No	62.8%	68.0%	58.5%	56.9%	67.0%	66.2%	55.9%	59.9%	68.4%	60.4%	67.7%	81.5%	67.4%	46.1%	55.5%	70.5%	50.9%	100.0%
Don't know	4.9%	6.1%	3.9%	3.6%	5.8%	4.4%	5.9%	3.9%	6.8%	5.1%	4.5%	4.2%	5.2%	5.0%	5.5%	4.3%	3.3%	0.0%
Prefer not to say	1.0%	0.9%	1.1%	1.0%	1.0%	1.0%	1.0%	0.6%	1.8%	1.1%	1.0%	1.6%	0.8%	0.9%	1.0%	1.1%	0.4%	0.0%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
Respondents with any retirement accounts, employer-based or independent																		
No to both	25.7%	31.5%	20.9%	23.3%	27.4%	27.9%	21.2%	17.4%	41.7%	22.6%	31.9%	55.4%	22.0%	10.7%	15.9%	36.0%	0.0%	100.0%
At least 1 plan	68.8%	62.0%	74.4%	71.2%	67.1%	66.8%	72.9%	78.9%	49.2%	72.0%	62.4%	38.1%	71.9%	85.0%	78.4%	58.7%	100.0%	0.0%
Undetermined	5.5%	6.5%	4.6%	5.5%	5.5%	5.3%	5.9%	3.6%	9.1%	5.4%	5.6%	6.5%	6.1%	4.3%	5.7%	5.3%	0.0%	0.0%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
Respondents with self-directed retirement accounts, employer-based or independent																		
No to both (c3/c4 or c1/c4)	33.8%	39.2%	29.3%	30.6%	36.1%	35.7%	29.8%	26.9%	47.2%	30.6%	40.3%	62.7%	33.5%	15.7%	24.6%	43.6%	11.8%	100.0%
At least 1 self-directed plan	55.3%	48.2%	61.1%	60.7%	51.4%	52.2%	61.7%	64.8%	36.9%	58.7%	48.4%	26.0%	53.3%	75.9%	63.5%	46.6%	80.4%	0.0%
Undetermined	10.9%	12.6%	9.6%	8.7%	12.5%	12.1%	8.5%	8.4%	15.9%	10.7%	11.3%	11.3%	13.2%	8.3%	11.9%	9.9%	7.9%	0.0%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
Do you [or your spouse/partner] regularly contribute to a retirement account like a [Thrift Savings Plan (TSP),] 401(k) or IRA?																		
Yes	82.4%	82.5%	82.3%	82.7%	82.1%	81.9%	83.2%	87.0%	66.7%	82.8%	81.3%	51.9%	81.8%	89.4%	83.3%	81.1%	82.4%	0.0%
No	16.6%	16.4%	16.8%	16.6%	16.6%	17.3%	15.4%	12.2%	31.5%	16.5%	16.9%	45.8%	17.0%	10.0%	15.9%	17.7%	16.6%	0.0%
Don't know	0.8%	0.9%	0.7%	0.2%	1.3%	0.5%	1.2%	0.6%	1.5%	0.5%	1.5%	2.3%	0.7%	0.5%	0.6%	1.0%	0.8%	0.0%
Prefer not to say	0.3%	0.2%	0.3%	0.6%	0.0%	0.3%	0.2%	0.2%	0.4%	0.2%	0.3%	0.0%	0.5%	0.2%	0.3%	0.2%	0.3%	0.0%
Total	1174	464	710	537	637	746	428	907	267	831	343	131	440	603	693	481	1174	0

	All Sample	Age 23-29	Age 30-35	Male	Female	College Grad	Post College Education	Employed Full Time	Other Than Full Time Employment	Ethnicity - White and Asian	Ethnicity - Other	Income Less Than $35k	Income between $35 and $75k	Income greater than $75k	Married	Not Married	Has Retirement Plan	Does not Have Retirement Plan
Do you [or your spouse/partner] overdraw your checking account occasionally?																		
Yes	23.2%	23.7%	22.9%	23.6%	23.0%	24.5%	20.7%	21.8%	26.2%	20.9%	28.1%	25.5%	24.6%	20.5%	24.8%	21.6%	22.8%	22.9%
No	75.7%	75.4%	75.9%	75.5%	75.9%	74.6%	78.1%	77.2%	72.6%	78.3%	70.4%	73.2%	74.3%	78.6%	73.7%	77.8%	76.5%	75.7%
Don't know	0.5%	0.2%	0.7%	0.4%	0.6%	0.4%	0.6%	0.4%	0.6%	0.4%	0.8%	0.4%	0.5%	0.5%	1.0%	0.0%	0.4%	0.4%
Prefer not to say	0.5%	0.7%	0.5%	0.6%	0.5%	0.5%	0.6%	0.5%	0.6%	0.4%	0.8%	0.9%	0.5%	0.4%	0.5%	0.6%	0.3%	1.0%
Total	2005	900	1105	840	1165	1344	661	1340	665	1347	658	455	783	767	1031	974	1424	498
Do you currently have any mortgages on your home? [2012 text change]																		
Yes	82.9%	79.1%	84.8%	82.1%	83.5%	82.3%	83.9%	84.9%	77.3%	84.6%	79.0%	60.0%	83.7%	86.5%	85.5%	77.3%	86.3%	65.1%
No	15.8%	18.6%	14.4%	17.1%	14.7%	16.5%	14.4%	14.1%	20.5%	14.3%	19.0%	36.0%	14.5%	13.0%	13.5%	20.6%	12.6%	33.3%
Don't know	0.9%	1.5%	0.6%	0.8%	0.9%	0.9%	0.8%	0.8%	1.1%	0.7%	1.3%	2.0%	1.3%	0.4%	0.6%	1.5%	0.6%	1.6%
Prefer not to say	0.5%	0.9%	0.3%	0.0%	0.9%	0.3%	0.8%	0.3%	1.1%	0.4%	0.6%	2.0%	0.5%	0.2%	0.4%	0.6%	0.5%	0.0%
Total	1040	344	696	475	565	685	355	767	273	725	315	100	386	554	710	330	878	129
Do you have any home equity loans? [2012 text change]																		
Yes	18.5%	21.2%	17.1%	24.8%	13.1%	16.9%	21.4%	17.2%	22.0%	18.5%	18.4%	15.0%	16.3%	20.6%	20.0%	15.2%	18.5%	14.7%
No	78.5%	74.4%	80.5%	73.9%	82.3%	80.0%	75.5%	80.6%	72.5%	78.6%	78.1%	80.0%	79.3%	77.6%	77.0%	81.5%	79.4%	81.4%
Don't know	2.7%	3.8%	2.2%	1.1%	4.1%	2.9%	2.3%	2.0%	4.8%	2.5%	3.2%	4.0%	3.9%	1.6%	2.7%	2.7%	1.9%	3.9%
Prefer not to say	0.4%	0.6%	0.3%	0.2%	0.5%	0.1%	0.8%	0.3%	0.7%	0.4%	0.3%	1.0%	0.5%	0.2%	0.3%	0.6%	0.2%	0.0%
Total	1040	344	696	475	565	685	355	767	273	725	315	100	386	554	710	330	878	129
Do you currently owe more on your home than you think you could sell it for today?																		
Yes, owe more	30.9%	29.3%	31.6%	37.1%	25.6%	31.1%	30.4%	30.9%	30.9%	29.8%	33.5%	33.9%	32.5%	29.4%	32.4%	27.4%	30.9%	30.2%
No	60.7%	59.4%	61.4%	56.9%	64.0%	59.8%	62.5%	61.8%	57.6%	62.1%	57.5%	53.2%	58.1%	63.5%	59.1%	64.6%	62.0%	59.3%
Don't know	8.0%	11.0%	6.7%	5.7%	10.0%	8.9%	6.5%	7.2%	10.6%	7.8%	8.7%	12.9%	8.7%	6.9%	8.2%	7.6%	7.1%	9.3%
Prefer not to say	0.3%	0.4%	0.3%	0.2%	0.4%	0.2%	0.6%	0.1%	0.9%	0.3%	0.4%	0.0%	0.6%	0.2%	0.3%	0.4%	0.0%	1.2%
Total	884	283	601	404	480	575	309	667	217	630	254	62	332	490	621	263	774	86
How many times have you been late with your mortgage payments in the last 2 years?																		
Never	78.0%	78.3%	77.8%	75.9%	79.7%	76.4%	80.9%	80.6%	69.7%	81.4%	69.5%	63.3%	74.9%	81.8%	78.7%	76.1%	80.1%	64.3%
Once	10.7%	10.7%	10.7%	12.3%	9.3%	11.3%	9.4%	8.4%	17.5%	9.1%	14.5%	15.0%	13.0%	8.6%	9.6%	13.3%	10.3%	13.1%
More than once	9.6%	8.5%	10.2%	10.0%	9.3%	10.6%	7.7%	9.4%	10.4%	7.8%	14.1%	15.0%	11.1%	7.9%	10.0%	8.6%	8.8%	17.9%
Don't know	1.0%	1.5%	0.8%	1.3%	0.8%	1.1%	1.0%	0.9%	1.4%	1.3%	0.4%	3.3%	0.3%	1.3%	1.2%	0.8%	0.5%	2.4%
Prefer not to say	0.7%	1.1%	0.5%	0.5%	0.8%	0.5%	1.0%	0.6%	0.9%	0.3%	1.6%	3.3%	0.6%	0.4%	0.5%	1.2%	0.3%	2.4%
Total	862	272	590	390	472	564	298	651	211	613	249	60	323	479	607	255	758	84
Have you been involved in a foreclosure process on your home in the last 2 years?																		
Yes	5.6%	4.7%	6.5%	9.5%	2.9%	4.8%	7.5%	5.5%	5.9%	5.4%	6.2%	2.8%	5.3%	7.8%	7.8%	3.4%	7.1%	1.6%
No	92.4%	93.0%	91.9%	88.6%	95.2%	93.5%	90.2%	93.3%	90.7%	92.7%	91.9%	95.2%	91.9%	91.2%	89.8%	95.2%	92.4%	97.6%
Don't know	1.2%	1.5%	0.9%	1.1%	1.2%	0.9%	1.7%	0.8%	1.9%	1.3%	0.8%	0.8%	1.8%	0.8%	1.5%	0.9%	0.3%	0.4%
Prefer not to say	0.8%	0.8%	0.7%	0.8%	0.7%	0.8%	0.6%	0.4%	1.4%	0.6%	1.0%	1.2%	1.0%	0.3%	0.9%	0.6%	0.1%	0.4%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
Number of credit cards a respondent has:																		
None	11.4%	12.2%	10.8%	8.9%	13.2%	14.1%	5.9%	6.8%	20.3%	8.7%	16.8%	24.2%	10.4%	4.3%	7.8%	15.2%	6.0%	25.1%
1 or more	86.7%	85.7%	87.5%	89.5%	84.7%	84.0%	92.2%	91.8%	76.8%	89.3%	81.5%	72.2%	88.4%	94.1%	90.5%	82.7%	93.4%	73.1%
Undetermined	1.9%	2.2%	1.7%	1.6%	2.2%	2.0%	1.9%	1.4%	2.9%	2.0%	1.7%	3.6%	1.2%	1.6%	1.7%	2.1%	0.5%	1.8%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
In the past 12 months, which of the following describes your experience with credit cards? - I always paid my credit cards in full																		
Yes	57.5%	56.7%	58.1%	66.4%	50.7%	53.0%	65.9%	58.4%	55.2%	61.9%	47.8%	47.8%	52.5%	67.1%	59.9%	54.7%	59.4%	50.9%
No	41.9%	42.8%	41.2%	33.3%	48.4%	46.4%	33.6%	41.1%	43.9%	37.5%	51.6%	51.4%	46.8%	32.5%	39.8%	44.4%	40.2%	48.1%
Don't know	0.3%	0.2%	0.3%	0.1%	0.4%	0.2%	0.5%	0.2%	0.4%	0.3%	0.2%	0.3%	0.3%	0.3%	0.2%	0.4%	0.1%	0.5%
Prefer not to say	0.3%	0.2%	0.4%	0.1%	0.5%	0.5%	0.0%	0.2%	0.5%	0.3%	0.3%	0.5%	0.4%	0.1%	0.1%	0.6%	0.2%	0.5%
Total	1841	824	1017	792	1049	1201	640	1285	556	1264	577	364	730	747	987	854	1365	399

Cross-Tabulation III
Debt Management (continued)

	All Sample	Age 23-29	Age 30-35	Male	Female	College Grad	Post College Education	Employed Full Time	Other Than Full Time Employment	Ethnicity - White and Asian	Ethnicity - Other	Income Less Than $35k	Income between $35 and $75k	Income greater than $75k	Married	Not Married	Has Retirement Plan	Does not Have Retirement Plan
In the past 12 months, which of the following describes your experience with credit cards? - In some months, I carried over a balance and was charged interest																		
Yes	47.5%	47.5%	47.6%	43.1%	50.9%	50.0%	42.8%	47.6%	47.3%	42.9%	57.7%	52.2%	51.4%	41.5%	46.2%	49.1%	48.1%	46.9%
No	51.2%	51.1%	51.2%	56.1%	47.5%	48.6%	55.9%	51.5%	50.4%	55.9%	40.7%	46.2%	47.1%	57.6%	52.8%	49.3%	51.0%	51.6%
Don't know	0.8%	1.1%	0.6%	0.8%	0.9%	0.7%	0.9%	0.5%	1.6%	0.7%	1.0%	0.8%	0.8%	0.8%	0.8%	0.8%	0.6%	1.0%
Prefer not to say	0.5%	0.4%	0.6%	0.1%	0.8%	0.6%	0.3%	0.4%	0.7%	0.5%	0.5%	0.8%	0.7%	0.1%	0.2%	0.8%	0.3%	0.5%
Total	1841	824	1017	792	1049	1201	640	1285	556	1264	577	364	730	747	987	854	1365	399
In the past 12 months, which of the following describes your experience with credit cards? - In some months, I paid the minimum payment only																		
Yes	35.4%	35.9%	34.9%	31.7%	38.1%	37.7%	30.9%	34.1%	38.3%	30.9%	45.2%	44.2%	39.3%	27.2%	35.8%	34.9%	34.4%	37.3%
No	63.2%	62.5%	63.8%	67.4%	60.1%	60.9%	67.7%	64.8%	59.5%	67.9%	53.0%	54.4%	58.6%	72.0%	62.8%	63.7%	64.5%	61.4%
Don't know	0.8%	1.1%	0.6%	0.8%	0.9%	0.7%	0.9%	0.6%	1.3%	0.6%	1.2%	0.5%	1.2%	0.5%	1.0%	0.6%	0.7%	0.5%
Prefer not to say	0.6%	0.5%	0.7%	0.1%	1.0%	0.7%	0.5%	0.5%	0.9%	0.6%	0.5%	0.8%	0.8%	0.3%	0.4%	0.8%	0.4%	0.8%
Total	1841	824	1017	792	1049	1201	640	1285	556	1264	577	364	730	747	987	854	1365	399
In the past 12 months, which of the following describes your experience with credit cards? - In some months, I was charged a late fee for late payment																		
Yes	17.6%	17.6%	17.6%	17.6%	17.6%	18.4%	16.1%	17.9%	16.9%	15.8%	21.5%	21.7%	16.8%	16.3%	18.0%	17.1%	17.5%	17.0%
No	80.7%	80.9%	80.5%	80.6%	80.8%	80.1%	81.9%	80.9%	80.2%	82.7%	76.4%	77.2%	81.0%	82.2%	80.1%	81.4%	81.5%	80.7%
Don't know	1.1%	1.1%	1.2%	1.6%	0.8%	0.9%	1.6%	0.8%	2.0%	1.0%	1.4%	0.3%	1.4%	1.3%	1.4%	0.8%	0.7%	1.8%
Prefer not to say	0.5%	0.4%	0.7%	0.3%	0.8%	0.6%	0.5%	0.4%	0.9%	0.5%	0.7%	0.8%	0.8%	0.1%	0.4%	0.7%	0.4%	0.5%
Total	1841	824	1017	792	1049	1201	640	1285	556	1264	577	364	730	747	987	854	1365	399
In the past 12 months, which of the following describes your experience with credit cards? - In some months, I was charged an over the limit fee for exceeding my credit line																		
Yes	10.0%	8.9%	10.9%	11.9%	8.6%	9.4%	11.1%	10.0%	10.1%	8.7%	12.8%	8.5%	10.1%	10.6%	11.7%	8.1%	10.2%	8.8%
No	88.7%	89.8%	87.8%	87.2%	89.8%	89.3%	87.7%	88.9%	88.1%	90.0%	86.0%	89.3%	88.6%	88.5%	87.0%	90.6%	88.9%	90.0%
Don't know	0.8%	1.0%	0.6%	0.5%	1.0%	0.8%	0.6%	0.7%	0.9%	0.7%	0.9%	1.4%	0.5%	0.7%	0.9%	0.6%	0.7%	0.8%
Prefer not to say	0.5%	0.4%	0.7%	0.4%	0.7%	0.5%	0.6%	0.4%	0.9%	0.6%	0.3%	0.8%	0.7%	0.3%	0.4%	0.7%	0.3%	0.5%
Total	1841	824	1017	792	1049	1201	640	1285	556	1264	577	364	730	747	987	854	1365	399
In the past 12 months, which of the following describes your experience with credit cards? - In some months, I used the cards for a cash advance																		
Yes	12.7%	11.8%	13.4%	15.3%	10.7%	12.7%	12.5%	12.4%	13.3%	10.5%	17.3%	12.1%	13.7%	11.9%	14.4%	10.7%	12.8%	12.0%
No	86.1%	87.0%	85.3%	83.7%	87.9%	86.0%	86.3%	86.7%	84.7%	88.3%	81.3%	86.0%	84.8%	87.4%	84.7%	87.7%	86.4%	86.5%
Don't know	0.7%	0.8%	0.6%	0.8%	0.7%	0.7%	0.8%	0.5%	1.1%	0.6%	0.9%	1.1%	0.8%	0.4%	0.5%	0.9%	0.4%	1.0%
Prefer not to say	0.5%	0.4%	0.7%	0.3%	0.8%	0.6%	0.5%	0.4%	0.9%	0.6%	0.5%	0.8%	0.7%	0.3%	0.4%	0.7%	0.3%	0.5%
Total	1841	824	1017	792	1049	1201	640	1285	556	1264	577	364	730	747	987	854	1365	399
Expensive credit card behavior (If a respondent engaged in paying the minimum payment only, paying late fees, paying over the limit fees, or using the card for cash advances)	42.7%	43.3%	42.2%	40.4%	44.4%	45.0%	38.3%	41.6%	45.1%	37.8%	53.4%	51.1%	45.8%	35.6%	43.6%	41.7%	41.7%	44.6%
Total	1841	824	1017	792	1049	1201	640	1285	556	1264	577	364	730	747	987	854	1365	399
Do you [Does your household] currently have an auto loan?																		
Yes	41.1%	39.3%	42.7%	41.5%	40.9%	40.7%	42.1%	45.9%	31.9%	41.2%	41.0%	23.8%	42.7%	50.5%	50.1%	31.7%	48.5%	26.0%
No	56.6%	57.9%	55.5%	55.6%	57.3%	57.0%	55.8%	52.4%	64.8%	56.4%	56.9%	73.6%	54.7%	47.7%	47.2%	66.5%	50.4%	73.4%
Don't know	1.3%	1.6%	1.0%	1.9%	0.8%	1.1%	1.6%	1.1%	1.7%	1.3%	1.1%	0.8%	1.7%	1.1%	1.5%	1.1%	0.8%	0.2%
Prefer not to say	1.0%	1.2%	0.8%	1.0%	1.0%	1.2%	0.6%	0.6%	1.7%	1.0%	1.0%	1.8%	0.8%	0.6%	1.2%	0.8%	0.4%	0.4%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
Do you currently have any unpaid bills from a health care or medical service provider (e.g., a hospital, a doctor's office, or a testing lab) that are past due?																		
Yes	22.0%	20.9%	22.9%	22.3%	21.8%	23.4%	19.2%	20.2%	25.4%	19.9%	26.1%	26.4%	23.6%	17.5%	25.3%	18.5%	21.8%	22.9%
No	75.4%	76.2%	74.7%	75.4%	75.4%	74.4%	77.4%	77.7%	70.9%	77.1%	71.9%	70.0%	73.6%	80.6%	72.0%	79.0%	76.9%	75.6%
Don't know	1.6%	1.6%	1.7%	1.5%	1.8%	1.0%	2.9%	1.5%	1.9%	2.1%	0.7%	1.4%	1.9%	1.5%	1.6%	1.6%	0.9%	1.1%
Prefer not to say	1.0%	1.4%	0.7%	0.9%	1.0%	1.2%	0.6%	0.6%	1.8%	0.8%	1.3%	2.2%	0.8%	0.4%	1.1%	0.9%	0.4%	0.4%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546

Cross-Tabulation III
Debt Management (continued)

	All Sample	Age 23-29	Age 30-35	Male	Female	College Grad	Post College Education	Employed Full Time	Other Than Full Time Employment	Ethnicity - White and Asian	Ethnicity - Other	Income Less Than $35k	Income between $35 and $75k	Income greater than $75k	Married	Not Married	Has Retirement Plan	Does not Have Retirement Plan
Do you currently have any student loans?																		
Yes	54.9%	61.5%	49.5%	53.1%	56.3%	53.1%	58.6%	54.0%	56.8%	51.3%	62.1%	64.5%	55.4%	48.4%	51.0%	59.1%	55.4%	57.3%
No	43.4%	36.5%	49.1%	45.2%	42.1%	45.1%	39.8%	44.9%	40.3%	46.8%	36.6%	32.7%	42.9%	50.6%	47.2%	39.3%	44.1%	42.3%
Don't know	0.8%	0.7%	0.8%	0.7%	0.8%	0.6%	1.2%	0.6%	1.0%	1.0%	0.3%	0.8%	0.7%	0.8%	0.9%	0.6%	0.2%	0.0%
Prefer not to say	0.9%	1.2%	0.7%	1.0%	0.9%	1.2%	0.4%	0.4%	1.9%	0.9%	1.0%	2.0%	1.0%	0.3%	0.9%	1.0%	0.2%	0.4%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
Are you concerned that you might not be able to pay off your student loans?																		
Yes	47.3%	47.3%	47.3%	41.3%	51.4%	47.8%	46.4%	41.9%	57.2%	41.7%	56.6%	61.8%	49.8%	32.0%	43.3%	50.9%	41.9%	60.7%
No	49.8%	49.8%	49.7%	56.2%	45.5%	49.2%	50.9%	55.4%	39.4%	56.1%	39.3%	35.4%	46.3%	66.1%	54.5%	45.5%	55.4%	36.7%
Don't know	2.9%	2.9%	3.0%	2.6%	3.2%	3.0%	2.7%	2.6%	3.4%	2.2%	4.1%	2.8%	3.9%	1.8%	2.2%	3.6%	2.7%	2.6%
Prefer not to say	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	1167	592	575	470	697	760	407	756	411	727	440	325	458	384	556	611	810	313
Have you declared bankruptcy in the last two years?																		
Yes	5.3%	4.5%	5.9%	7.9%	3.4%	4.6%	6.6%	4.9%	5.9%	5.1%	5.6%	3.4%	5.4%	6.3%	7.0%	3.5%	6.1%	3.1%
No	93.5%	94.1%	93.0%	90.8%	95.4%	94.3%	91.8%	94.4%	91.9%	93.6%	93.4%	94.4%	93.5%	92.9%	91.7%	95.5%	93.6%	96.5%
Don't know	0.7%	1.0%	0.4%	0.8%	0.6%	0.4%	1.3%	0.4%	1.2%	0.8%	0.4%	1.2%	0.6%	0.5%	0.8%	0.6%	0.2%	0.2%
Prefer not to say	0.5%	0.4%	0.6%	0.5%	0.6%	0.6%	0.3%	0.3%	1.0%	0.5%	0.6%	1.0%	0.5%	0.3%	0.6%	0.5%	0.1%	0.2%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
Used one or more alternative borrowing methods in the past year (high cost borrowing)	28.4%	28.7%	28.1%	32.0%	25.8%	30.8%	23.3%	27.6%	30.0%	23.5%	37.9%	32.8%	31.6%	22.3%	30.4%	26.2%	26.4%	32.4%
Total	2066	936	1130	857	1209	1389	677	1372	694	1372	694	488	801	777	1052	1014	1438	534
How strongly do you agree or disagree with the following statement? - I have too much debt right now																		
Disagree 1-3	34.0%	33.3%	34.7%	35.4%	33.1%	33.8%	34.6%	34.5%	33.1%	37.2%	27.7%	29.0%	29.9%	41.6%	35.3%	32.7%	35.8%	29.9%
Neutral 4	14.1%	15.7%	12.8%	14.7%	13.7%	14.5%	13.4%	14.1%	14.2%	13.8%	14.8%	14.1%	14.8%	13.5%	13.5%	14.8%	13.9%	14.7%
Agree 5-7	50.7%	49.8%	51.4%	48.6%	52.1%	50.6%	50.9%	50.9%	50.3%	48.0%	56.1%	54.8%	54.4%	44.2%	50.0%	51.3%	50.1%	54.8%
Don't know	0.2%	0.3%	0.2%	0.3%	0.2%	0.2%	0.3%	0.1%	0.6%	0.4%	0.0%	0.4%	0.1%	0.3%	0.2%	0.3%	0.0%	0.4%
Prefer not to say	0.9%	0.9%	0.9%	1.0%	0.9%	1.0%	0.9%	0.5%	1.8%	0.7%	1.4%	1.8%	0.8%	0.5%	1.0%	0.9%	0.2%	0.4%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546

Cross-Tabulation IV
Making Ends Meet and Satisfaction with Current Personal Financial Condition

	All Sample	Age 23-29	Age 30-35	Male	Female	College Grad	Post College Education	Employed Full Time	Other Than Full Time Employment	Ethnicity - White and Asian	Ethnicity - Other	Income Less Than $35k	Income between $35 and $75k	Income greater than $75k	Married	Not Married	Has Retirement Plan	Does not Have Retirement Plan
In a typical month, how difficult is it for you to cover your expenses and pay all your bills?																		
Very difficult	9.8%	10.0%	9.6%	8.5%	10.7%	9.7%	10.1%	7.0%	15.2%	8.2%	13.0%	18.1%	8.8%	5.5%	8.2%	11.5%	6.9%	17.4%
Somewhat difficult	40.3%	41.9%	39.0%	39.1%	41.2%	43.1%	34.4%	38.8%	43.2%	39.2%	42.5%	50.2%	46.0%	28.1%	39.6%	41.0%	38.3%	46.2%
Not at all difficult	48.4%	46.8%	49.8%	51.4%	46.3%	45.9%	53.6%	53.4%	39.0%	51.2%	42.9%	30.0%	43.6%	65.2%	50.6%	46.2%	54.3%	34.8%
Don't know	0.9%	0.9%	0.9%	0.9%	1.0%	0.8%	1.3%	0.5%	1.8%	0.9%	1.0%	1.0%	1.0%	0.9%	1.0%	0.9%	0.3%	1.3%
Prefer not to say	0.5%	0.4%	0.6%	0.1%	0.8%	0.5%	0.6%	0.4%	0.8%	0.5%	0.6%	0.8%	0.6%	0.3%	0.6%	0.4%	0.2%	0.4%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
Over the past year, would you say your [household's] spending was less than, more than, or about equal to your [household's] income?																		
Spending less than income	45.4%	45.2%	45.5%	47.2%	44.1%	44.8%	46.7%	48.8%	38.8%	47.2%	41.7%	35.9%	40.8%	56.2%	46.7%	43.9%	50.8%	33.3%
Spending more than income	19.4%	19.8%	19.1%	19.7%	19.2%	19.6%	19.0%	17.3%	23.5%	17.0%	24.2%	28.0%	18.9%	14.5%	17.7%	21.2%	17.7%	23.6%
Spending about equal to income	32.3%	31.5%	33.0%	31.0%	33.3%	32.8%	31.4%	31.4%	34.1%	33.3%	30.5%	30.4%	38.0%	27.7%	33.4%	31.3%	30.2%	38.3%
Don't know	2.4%	2.9%	2.0%	1.9%	2.7%	2.3%	2.6%	2.3%	2.6%	2.1%	3.0%	4.4%	2.1%	1.5%	1.9%	2.9%	1.4%	3.8%
Prefer not to say	0.5%	0.6%	0.3%	0.2%	0.6%	0.6%	0.3%	0.2%	1.0%	0.4%	0.7%	1.4%	0.2%	0.1%	0.3%	0.7%	0.0%	0.9%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
Overall, thinking of your assets, debts and savings, how satisfied are you with your current personal financial condition?																		
Not Satisfied 1-3	21.9%	22.7%	21.3%	16.5%	25.8%	24.4%	16.9%	16.9%	31.6%	19.2%	27.4%	43.7%	20.8%	9.3%	16.0%	28.2%	16.2%	37.5%
Neutral 4-7	49.0%	47.8%	50.0%	46.6%	50.8%	49.2%	48.7%	51.1%	45.0%	51.2%	44.6%	42.1%	54.0%	48.2%	47.9%	50.1%	51.5%	43.2%
Satisfied 8-10	28.2%	28.7%	27.8%	36.4%	22.4%	25.7%	33.3%	31.4%	22.0%	29.0%	26.7%	12.7%	24.7%	41.7%	35.1%	20.9%	32.0%	18.3%
Don't know	0.5%	0.6%	0.4%	0.2%	0.7%	0.4%	0.7%	0.4%	0.8%	0.4%	0.7%	0.8%	0.2%	0.6%	0.5%	0.5%	0.2%	0.7%
Prefer not to say	0.3%	0.2%	0.4%	0.3%	0.3%	0.3%	0.4%	0.2%	0.6%	0.2%	0.6%	0.8%	0.2%	0.1%	0.4%	0.3%	0.1%	0.2%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546

	All Sample	Age 23-29	Age 30-35	Male	Female	College Grad	Post College Education	Employed Full Time	Other Than Full Time Employment	Ethnicity - White and Asian	Ethnicity - Other	Income Less Than $35k	Income between $35 and $75k	Income greater than $75k	Married	Not Married	Has Retirement Plan	Does not Have Retirement Plan
In the past 12 months, have you [has your household] experienced a large drop in income which you did not expect?																		
Yes	25.2%	26.1%	24.4%	25.3%	25.1%	26.9%	21.6%	19.3%	36.6%	21.6%	32.3%	36.7%	24.3%	18.8%	24.8%	25.6%	21.7%	33.9%
No	72.6%	71.5%	73.4%	72.5%	72.6%	70.7%	76.4%	78.9%	60.2%	76.6%	64.5%	60.3%	73.1%	79.7%	72.5%	72.6%	77.1%	64.5%
Don't know	1.6%	1.7%	1.5%	1.2%	1.9%	1.7%	1.4%	1.1%	2.5%	1.2%	2.4%	2.2%	1.7%	1.1%	2.0%	1.2%	1.0%	1.1%
Prefer not to say	0.7%	0.7%	0.6%	0.9%	0.5%	0.7%	0.6%	0.6%	0.7%	0.6%	0.7%	0.8%	0.8%	0.4%	0.6%	0.7%	0.2%	0.5%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
Have you set aside emergency or rainy day funds that would cover your expenses for 3 months, in case of sickness, job loss, economic downturn, or other emergencies?																		
Yes	48.2%	46.0%	49.9%	56.2%	42.5%	45.7%	53.3%	52.9%	39.1%	50.0%	44.5%	27.6%	44.4%	65.1%	51.9%	44.2%	56.4%	28.6%
No	48.2%	50.1%	46.6%	41.1%	53.3%	50.8%	42.8%	44.1%	56.1%	46.4%	51.8%	66.7%	52.2%	32.4%	44.7%	51.9%	42.1%	66.8%
Don't know	2.7%	2.9%	2.5%	2.0%	3.1%	2.4%	3.3%	2.3%	3.5%	2.8%	2.4%	4.2%	2.5%	1.9%	2.5%	2.9%	1.0%	3.8%
Prefer not to say	0.9%	0.9%	0.9%	0.7%	1.1%	1.1%	0.6%	0.7%	1.4%	0.8%	1.3%	1.6%	0.8%	0.6%	0.9%	1.0%	0.5%	0.7%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
How confident are you that you could come up with $2,000 if an unexpected need arose within the next month?																		
I am certain I could come up with the full $2,000	41.8%	38.5%	44.5%	49.8%	36.0%	36.6%	52.4%	47.1%	31.4%	47.3%	30.6%	22.0%	35.8%	60.5%	47.1%	36.1%	50.2%	24.2%
I could probably come up with $2,000	25.7%	26.6%	24.9%	26.8%	24.9%	25.8%	25.4%	26.4%	24.2%	24.4%	28.1%	22.0%	26.8%	26.8%	25.8%	25.5%	25.8%	24.2%
I could probably not come up with $2,000	14.7%	16.4%	13.3%	12.4%	16.4%	17.1%	9.9%	12.5%	19.1%	13.2%	17.8%	22.4%	17.1%	7.4%	13.7%	15.8%	12.5%	20.7%
I am certain I could not come up with $2,000	15.1%	16.3%	14.1%	9.0%	19.5%	17.8%	9.5%	12.0%	21.1%	12.4%	20.5%	29.8%	16.9%	3.9%	10.3%	20.2%	10.3%	27.5%
Don't know	2.0%	1.7%	2.3%	1.5%	2.4%	2.1%	1.9%	1.4%	3.2%	1.9%	2.3%	2.8%	2.4%	1.1%	2.3%	1.7%	1.1%	2.9%
Prefer not to say	0.7%	0.5%	0.9%	0.5%	0.9%	0.6%	0.9%	0.5%	1.1%	0.7%	0.7%	1.0%	1.0%	0.3%	0.7%	0.7%	0.1%	0.5%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
Are you setting aside any money for your children's college education?																		
Yes	51.6%	53.1%	50.9%	61.9%	44.6%	48.3%	59.1%	58.5%	40.0%	52.5%	50.0%	29.3%	45.6%	65.9%	53.8%	44.1%	59.6%	28.6%
No	46.0%	43.1%	47.4%	36.6%	52.4%	49.4%	38.1%	39.6%	56.6%	45.2%	47.4%	68.2%	50.8%	32.9%	43.8%	53.5%	39.8%	69.3%
Don't know	1.3%	2.2%	0.8%	0.5%	1.8%	0.9%	2.1%	1.2%	1.4%	1.1%	1.5%	0.6%	1.8%	1.0%	1.5%	0.5%	0.6%	1.0%
Prefer not to say	1.2%	1.6%	0.9%	1.0%	1.2%	1.4%	0.7%	0.7%	2.0%	1.1%	1.2%	1.9%	1.8%	0.2%	0.9%	1.9%	0.0%	1.0%
Total	953	318	635	388	565	662	291	598	355	611	342	157	386	410	740	213	698	199
Do you have a life insurance policy?																		
Yes	57.7%	51.2%	63.1%	60.5%	55.8%	54.5%	64.3%	66.5%	40.7%	58.2%	56.8%	34.9%	56.9%	73.0%	67.3%	47.6%	69.8%	31.1%
No	37.7%	42.8%	33.5%	36.4%	38.7%	40.6%	31.7%	29.8%	53.0%	36.6%	40.0%	59.3%	38.1%	23.6%	28.1%	47.8%	26.8%	66.8%
Don't know	3.5%	4.7%	2.5%	2.1%	4.4%	3.5%	3.5%	3.0%	4.4%	4.1%	2.3%	3.8%	4.1%	2.6%	3.4%	3.6%	2.8%	2.0%
Prefer not to say	1.1%	1.2%	0.9%	1.0%	1.1%	1.3%	0.6%	0.7%	1.8%	1.1%	1.0%	2.0%	0.8%	0.8%	1.2%	1.0%	0.6%	0.0%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
Over the past 12 months, did you [your household] receive any of the following types of income? - Money from family members who do not live in your household																		
Yes	28.5%	33.5%	24.4%	28.1%	28.8%	26.9%	31.8%	26.6%	32.3%	27.7%	30.2%	35.5%	27.5%	25.2%	28.0%	29.1%	28.3%	30.4%
No	68.2%	63.1%	72.4%	68.6%	67.9%	69.5%	65.4%	70.6%	63.4%	69.2%	66.1%	60.3%	69.1%	72.2%	68.7%	67.7%	70.0%	67.9%
Don't know	1.7%	1.9%	1.6%	1.9%	1.6%	1.8%	1.6%	1.5%	2.2%	1.6%	2.1%	2.4%	1.6%	1.5%	1.7%	1.7%	1.0%	1.1%
Prefer not to say	1.6%	1.6%	1.5%	1.4%	1.7%	1.7%	1.2%	1.3%	2.1%	1.6%	1.6%	1.8%	1.8%	1.1%	1.6%	1.5%	0.7%	0.5%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546

	All Sample	Age 23-29	Age 30-35	Male	Female	College Grad	Post College Education	Employed Full Time	Other Than Full Time Employment	Ethnicity - White and Asian	Ethnicity - Other	Income Less Than $35k	Income between $35 and $75k	Income greater than $75k	Married	Not Married	Has Retirement Plan	Does not Have Retirement Plan
How strongly do you agree or disagree with the following statements? - I am good at dealing with day-to-day financial matters, such as checking accounts, credit and debit cards, and tracking expenses																		
Disagree 1-3	6.6%	7.3%	6.0%	5.2%	7.6%	6.9%	5.9%	5.8%	8.1%	6.1%	7.5%	7.9%	7.0%	5.3%	5.7%	7.6%	6.1%	6.6%
Neutral 4	7.5%	8.1%	7.0%	7.8%	7.3%	8.3%	5.8%	6.1%	10.1%	7.6%	7.3%	9.1%	8.2%	5.7%	7.5%	7.5%	6.0%	10.4%
Agree 5-7	84.7%	83.4%	85.8%	86.2%	83.6%	83.3%	87.6%	87.4%	79.6%	85.0%	84.0%	80.4%	83.7%	88.5%	85.4%	83.9%	87.6%	81.9%
Don't know	0.5%	0.5%	0.5%	0.3%	0.6%	0.6%	0.4%	0.3%	1.0%	0.6%	0.3%	1.2%	0.5%	0.1%	0.6%	0.4%	0.1%	0.9%
Refused	0.7%	0.7%	0.7%	0.5%	0.9%	0.9%	0.3%	0.4%	1.2%	0.6%	0.8%	1.4%	0.6%	0.4%	0.7%	0.7%	0.2%	0.2%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
How strongly do you agree or disagree with the following statements? - I am pretty good at math																		
Disagree 1-3	8.2%	10.3%	6.5%	5.0%	10.6%	9.0%	6.6%	7.6%	9.5%	8.3%	8.1%	10.3%	9.0%	6.2%	7.2%	9.3%	6.8%	11.2%
Neutral 4	6.8%	5.8%	7.7%	5.2%	8.0%	7.6%	5.3%	5.6%	9.3%	6.6%	7.2%	7.9%	7.6%	5.3%	6.7%	7.0%	5.7%	9.3%
Agree 5-7	84.0%	82.7%	85.0%	89.0%	80.4%	82.3%	87.5%	86.4%	79.4%	84.2%	83.6%	80.0%	82.6%	88.0%	85.1%	82.9%	87.2%	78.9%
Don't know	0.3%	0.4%	0.2%	0.3%	0.2%	0.3%	0.3%	0.1%	0.6%	0.3%	0.3%	0.4%	0.2%	0.3%	0.3%	0.3%	0.1%	0.2%
Refused	0.7%	0.7%	0.6%	0.5%	0.8%	0.8%	0.3%	0.4%	1.2%	0.6%	0.8%	1.4%	0.6%	0.3%	0.7%	0.6%	0.1%	0.4%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
On a scale from 1 to 7, where 1 means very low and 7 means very high, how would you assess your overall financial knowledge?																		
Low 1-3	5.6%	7.0%	4.5%	3.5%	7.1%	6.2%	4.3%	4.7%	7.3%	5.1%	6.6%	10.7%	5.3%	2.6%	2.8%	8.5%	4.0%	9.3%
Neutral 4	13.8%	15.3%	12.7%	8.6%	17.6%	15.5%	10.4%	11.5%	18.4%	13.6%	14.4%	20.0%	15.5%	8.2%	11.7%	16.1%	11.3%	19.6%
High 5-7	78.7%	75.6%	81.3%	86.3%	73.3%	76.2%	83.9%	82.9%	70.7%	80.1%	76.0%	65.5%	78.0%	87.9%	83.2%	74.0%	84.2%	69.0%
Don't know	1.0%	1.2%	0.9%	0.8%	1.2%	1.0%	1.2%	0.5%	2.1%	0.7%	1.7%	1.8%	0.6%	1.0%	1.3%	0.8%	0.4%	1.5%
Refused	0.8%	0.9%	0.7%	0.8%	0.8%	1.0%	0.3%	0.4%	1.5%	0.6%	1.3%	2.0%	0.6%	0.3%	0.9%	0.7%	0.1%	0.5%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
Was financial education offered by a school or college you attended, or a workplace where you were employed?																		
Yes, but I did not participate in the financial education of	16.1%	17.6%	15.0%	20.8%	12.8%	15.0%	18.6%	16.6%	15.3%	16.6%	15.3%	12.9%	16.6%	17.8%	17.0%	15.3%	17.3%	13.0%
Yes, and I did participate in the financial education	29.5%	31.6%	27.8%	31.3%	28.2%	27.6%	33.4%	30.4%	27.8%	30.2%	28.2%	23.6%	29.3%	33.5%	30.6%	28.4%	32.7%	24.2%
No	42.6%	39.2%	45.4%	37.7%	46.0%	44.7%	38.2%	42.1%	43.4%	41.5%	44.8%	48.0%	42.9%	38.8%	41.7%	43.5%	40.0%	51.5%
Don't know	10.8%	10.6%	11.0%	9.2%	12.0%	11.8%	8.8%	10.2%	12.0%	11.0%	10.5%	14.1%	10.3%	9.3%	9.7%	12.0%	9.7%	10.6%
Prefer not to say	0.9%	1.0%	0.9%	1.0%	0.9%	0.9%	1.0%	0.6%	1.5%	0.8%	1.3%	1.4%	1.0%	0.6%	1.0%	0.9%	0.3%	0.7%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
Suppose you had $100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?																		
More than $102	80.8%	80.0%	81.5%	80.8%	80.9%	80.5%	81.6%	82.1%	78.3%	82.6%	77.4%	77.8%	81.7%	81.9%	80.5%	81.2%	84.5%	78.6%
Exactly $102	6.8%	7.8%	6.0%	8.0%	6.0%	7.2%	6.1%	6.8%	6.9%	5.9%	8.6%	5.6%	7.5%	6.9%	8.0%	5.6%	7.3%	5.1%
Less than $102	3.3%	3.3%	3.3%	2.5%	3.9%	3.4%	3.0%	3.3%	3.3%	2.8%	4.2%	4.4%	2.8%	3.1%	2.6%	4.1%	3.1%	3.8%
Don't know	8.2%	8.3%	8.1%	7.9%	8.4%	8.0%	8.5%	7.1%	10.4%	8.0%	8.6%	11.3%	7.5%	6.9%	8.2%	8.2%	4.7%	11.4%
Prefer not to say	0.8%	0.5%	1.1%	0.8%	0.9%	0.8%	0.9%	0.7%	1.1%	0.7%	1.1%	1.0%	0.5%	1.1%	0.8%	0.9%	0.5%	1.1%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?																		
More than today	12.2%	13.0%	11.6%	12.3%	12.2%	12.7%	11.2%	12.0%	12.7%	11.9%	13.0%	12.9%	11.5%	12.6%	13.4%	11.0%	13.3%	10.6%
Exactly the same	10.4%	11.6%	9.3%	10.2%	10.5%	11.7%	7.5%	10.7%	9.7%	7.4%	16.2%	10.1%	11.4%	9.4%	10.8%	9.9%	9.5%	11.9%
Less than today	59.2%	55.8%	62.0%	65.2%	55.0%	56.4%	65.1%	60.6%	56.5%	63.6%	50.4%	52.6%	57.4%	65.4%	59.5%	59.0%	63.5%	53.5%
Don't know	17.1%	18.7%	15.8%	11.5%	21.1%	18.1%	15.1%	15.6%	20.0%	16.0%	19.4%	23.2%	19.0%	11.3%	15.5%	18.9%	13.1%	22.3%
Prefer not to say	1.0%	0.8%	1.2%	0.8%	1.2%	1.0%	1.0%	1.0%	1.1%	1.1%	1.0%	1.2%	0.7%	1.3%	0.8%	1.3%	0.6%	1.6%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546

Cross-Tabulation VI
Perceived and Demonstrated Financial Knowledge (continued)

	All Sample	Age 23-29	Age 30-35	Male	Female	College Grad	Post College Education	Employed Full Time	Other Than Full Time Employment	Ethnicity - White and Asian	Ethnicity - Other	Income Less Than $35k	Income between $35 and $75k	Income greater than $75k	Married	Not Married	Has Retirement Plan	Does not Have Retirement Plan
If interest rates rise, what will typically happen to bond prices?																		
They will rise	22.8%	23.0%	22.6%	28.2%	18.9%	22.2%	24.1%	22.4%	23.5%	22.2%	24.0%	20.4%	22.6%	24.4%	25.2%	20.2%	23.9%	22.2%
They will fall	29.2%	26.7%	31.3%	37.4%	23.4%	28.5%	30.8%	32.4%	23.1%	29.7%	28.4%	22.2%	28.1%	34.9%	29.1%	29.3%	31.5%	24.7%
They will stay the same	4.9%	5.1%	4.8%	5.8%	4.4%	4.9%	5.0%	5.0%	4.8%	4.0%	6.8%	3.8%	4.8%	5.8%	6.4%	3.4%	4.7%	6.0%
There is no relationship between bond prices and the interes	6.1%	6.0%	6.2%	6.3%	6.0%	6.2%	5.9%	5.7%	6.9%	5.8%	6.8%	7.5%	6.1%	5.3%	6.0%	6.3%	6.2%	5.5%
Don't know	35.9%	38.5%	33.7%	21.4%	46.2%	37.2%	33.1%	33.4%	40.6%	37.3%	33.1%	44.6%	37.7%	28.5%	32.5%	39.4%	33.0%	40.3%
Prefer not to say	1.0%	0.7%	1.3%	0.9%	1.1%	1.0%	1.0%	1.0%	1.1%	1.1%	1.0%	1.4%	0.7%	1.1%	0.7%	1.4%	0.8%	1.3%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less.																		
TRUE	81.0%	79.0%	82.6%	81.8%	80.4%	79.9%	83.1%	82.7%	77.6%	82.8%	77.3%	73.4%	81.8%	84.9%	83.3%	78.5%	86.9%	70.9%
FALSE	7.7%	7.8%	7.6%	9.4%	6.5%	8.1%	6.8%	7.8%	7.5%	7.0%	9.0%	9.1%	7.5%	6.9%	7.4%	7.9%	6.2%	11.2%
Don't know	10.8%	12.8%	9.2%	8.2%	12.7%	11.3%	9.9%	9.1%	14.1%	9.7%	13.0%	16.7%	10.4%	7.6%	8.8%	13.0%	6.6%	17.2%
Prefer not to say	0.5%	0.4%	0.6%	0.6%	0.5%	0.7%	0.1%	0.4%	0.8%	0.4%	0.7%	0.8%	0.2%	0.6%	0.5%	0.6%	0.3%	0.7%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546
Buying a single company's stock usually provides a safer return than a stock mutual fund.																		
TRUE	10.6%	10.0%	11.1%	14.8%	7.6%	10.6%	10.5%	10.4%	11.0%	9.0%	13.7%	8.3%	10.5%	12.1%	12.0%	9.1%	10.6%	10.4%
FALSE	52.8%	48.0%	56.8%	61.1%	46.9%	49.1%	60.5%	57.1%	44.5%	56.6%	45.3%	38.5%	51.3%	63.5%	55.1%	50.4%	59.4%	40.1%
Don't know	35.8%	41.1%	31.4%	23.3%	44.7%	39.4%	28.4%	32.1%	42.8%	33.8%	39.8%	52.0%	37.7%	23.6%	32.3%	39.5%	29.5%	48.4%
Prefer not to say	0.8%	0.9%	0.7%	0.8%	0.8%	0.9%	0.6%	0.4%	1.7%	0.6%	1.1%	1.2%	0.5%	0.9%	0.6%	1.0%	0.5%	1.1%
Total	2124	962	1162	885	1239	1430	694	1400	724	1416	708	504	826	794	1091	1033	1461	546