



NATIONAL FOUNDATION FOR
CREDIT COUNSELING

*Knowing the difference can
make all the difference.*

NFCC PRESS RELEASE

For Immediate Release
April 19, 2010

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MORE THAN ONE-THIRD OF AMERICANS GIVE THEMSELVES LOW GRADES ON THEIR UNDERSTANDING OF PERSONAL FINANCE

Silver Spring, MD – According to the National Foundation for Credit Counseling’s (NFCC) annual Consumer Financial Literacy Survey, many Americans need to put themselves into “time-out.”

When we were in school, a grade of C, D or F would have meant big trouble for us at home, often resulting in our parents putting us into “time-out.” The NFCC survey allowed consumers to grade themselves on their knowledge of personal finance, and 34 percent, or more than 77 million people, gave themselves a grade of C, D or F, suggesting that many adults would be well-served by a self-imposed “time-out” during which they could improve their grasp of financial literacy.

“Although the survey did show some improvements in consumer behavior as it relates to personal finance, there are still serious deficiencies which impact consumers’ ability to properly manage their money, particularly during an economic crisis,” said Gail Cunningham, spokesperson for the NFCC.

Consider that one-third of adults, or about 75 million people, do not put any part of their annual household income toward retirement. Although remaining level since 2009, this figure has increased by five percent since the 2008 survey, putting consumers in danger of being ill-prepared for retirement.

Of further concern is the finding that 30 percent of adults report that they have no savings. These people are on a very slippery slope when the inevitable emergency arises. Indeed, one in four say that if faced with an emergency, they would charge that expense to a credit card (25 percent) or take out a loan (29 percent), adding to their debt load with yet another bill to pay.

It is no surprise that millions of adults struggle to pay their bills each month, with 28 percent admitting to not paying bills on time. The ramifications include negative marks on the credit report and a lowered credit score, resulting in higher interest assessed on loans and credit cards, further exacerbating an already difficult financial situation. This is a very serious problem for two in five adults who report that their household carries credit card debt over from month-to-month, with more than 11 million indicating the amount of that debt to be \$10,000.

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“Part of the silver lining is that consumers appear to be aware of their need for improvement in the area of financial education, with the survey showing that four in five adults agree that they would benefit from advice and answers to everyday financial questions from a professional,” continued Cunningham. “Hopefully consumers will act upon this awareness. The NFCC stands ready to help consumers resolve their immediate financial concern, as well as equip them with the financial tools they need to live stable and successful financial lives in the future.”

If you need help with your financial situation, reach out to a trained and certified counselor through an NFCC Member Agency. To locate the agency closest to you, dial (800) 388-2227, or go online to www.DebtAdvice.org. For assistance in Spanish, dial (800) 682-9832 or visit www.Termineconsudeuda.org.

The 2010 Financial Literacy survey was conducted by telephone within the United States by Harris Interactive on behalf of the NFCC between March 4 and March 8, 2010 among 2,028 adults ages 18+. Results were weighted for age, sex, geographic region and race where necessary to align them with their actual proportions in the population. The full survey is available at www.NFCC.org in the Newsroom section.

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The National Foundation for Credit Counseling (NFCC), founded in 1951, is the nation’s largest and longest serving national nonprofit credit counseling organization. The NFCC’s mission is to promote the national agenda for financially responsible behavior and build capacity for its Members to deliver the highest quality financial education and counseling services. NFCC Members annually help four million consumers through close to 830 community-based offices nationwide. For free and affordable confidential advice through a reputable NFCC Member, call (800) 388-2227, (en Español (800) 682-9832) or visit www.nfcc.org. Visit us on Facebook at <http://www.facebook.com/NFCCDebtAdvice> and on Twitter at <http://twitter.com/NFCCDebtAdvice>.