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**The 2011 Consumer Financial Literacy Survey**  
***Final Report***

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Prepared For:

**The National Foundation for Credit Counseling**



NATIONAL FOUNDATION FOR  
CREDIT COUNSELING

*Knowing the difference can  
make all the difference.*

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## **Summary**

The results of the NFCC's fifth annual Financial Literacy Survey suggest that Americans may be shedding some of the more conservative spending habits they adopted during "The Great Recession" while still acknowledging that they may lack the know-how to make sound financial decisions. Whether it is due to the stubbornness of entrenched behaviors, the release of pent-up consumer demand, or other factors, Americans are spending more, saving less, and still carrying credit card debt. It is no wonder, then, that nearly half of Americans are concerned about having insufficient retirement and "rainy day" savings.

Reversing the trend witnessed over the past few years, a majority of adults now report that they are spending more or the same as they did one year ago. Further, more than half of adults do not maintain a budget or track their expenditures. All of this spending may explain the recent decline in the proportion of Americans who have non-retirement savings.

Credit card debt continues to present challenges for many Americans. Although two in three adults pay for most purchases with cash or debit cards, two in five still carry credit card balances from month to month. Additionally, about the same proportion of Americans (two in five) would give themselves a grade of C, D or F for their understanding of personal finance, and nearly three in four feel they could benefit from the advice of a financial professional.

More than four in five Americans believe that certain circumstances would warrant defaulting on a mortgage, including having been misled about the terms of their loan or no longer being able to afford the monthly payment. Among homeowners carrying a mortgage, nearly three in ten report that the terms of their mortgage differed from their initial expectations. This combination of homeowners' confusion surrounding their mortgage terms and Americans' acceptance of defaulting on mortgages could wreak havoc on mortgage financing.

## **Methodology**

The 2011 Financial Literacy Survey was conducted by telephone within the United States by Harris Interactive on behalf of the NFCC (National Foundation for Credit Counseling) between March 4 and March 7, 2011 among 1,010 adults ages 18+. Results were weighted for age, sex, geographic region, and race where necessary to align them with their actual proportions in the population.

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

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

## **Key Findings**

### **Budget**

Today, more than 1 in 5 U.S. adults (22%) do not have a good idea of how much they spend on housing, food and entertainment, reflecting a proportion not seen since 2007. Although just over 2 in 5 Americans (43%) say they have a budget and track their expenses, more than half (56%) do not.

### **Spending**

Reversing a trend from the past 2 years, when at least half of U.S. adults reported spending less than in previous years, this year only 2 in 5 Americans (42%) are spending less. Almost 3 in 5 say that, this year, they are spending the same (31%) or more (26%) compared to one year ago.

### **Savings**

More than 1 in 3 adults (36%) say they are now saving less than last year. And, in fact, 1 in 3 (33%) do not have *any* non-retirement savings. Although there had been a steady increase in the proportion of adults who have savings between 2008 (63%) and 2010 (67%), that proportion has now declined somewhat (to 64% in 2011).

### **Concern about Finances**

Nearly 3 in 4 U.S. adults (73%) express concern about their finances, primarily about insufficient savings for retirement (48%) or emergencies (45%). African-American and Hispanic adults are particularly prone to assorted financial worries.

### **Retirement**

Though U.S. adults are now more likely to save for retirement than they were in 2009 (61% vs. 56%, respectively), as many as 1 in 3 (32%) do not save any portion of their household's income for retirement. Unlike 80% of currently retired adults, less than half of adults who are not yet retired (49%) plan to support themselves through the Social Security program – a larger proportion (54%) expects to turn to their personal retirement savings.

### **Bills and Debt**

More than 1 in 4 adults (28%) admit to not paying all of their bills on time, and 7% have debts in collection. If confronted with personal debt-related problems, U.S. adults would primarily turn to their friends and family for help. Adults are twice as likely to contact a credit counseling agency as they are to rely on a debt settlement company.

### **Credit**

Most U.S. adults have not reviewed their credit score (63%) or credit report (65%) in the past 12 months. Although 2 in 3 adults (68%) pay for most purchases with cash or debit cards – primarily to avoid paying high interest rates (69%) – many (40%) still carry credit card debt from month to month.

### **Alternative Financial Services**

In the past 12 months, fewer than 1 in 10 adults have relied on alternative financial services such as check cashing facilities (7%), rent-to-own outlets (4%), and “easy loan” companies (2%). Adults who have used such services most often cite their convenience (77%), and/or trustworthiness due to an existing relationship (71%).

### **Mortgage**

More than 4 in 5 Americans (82%) believe there are circumstances which warrant defaulting on a mortgage, for example, if the borrower was misled about the terms of the loan (54%) or if the borrower is no longer able to afford the monthly payment (49%). Almost 3 in 5 homeowners (58%) currently have a home mortgage. Of those, about 3 in 10 (29%) say the terms of their mortgage turned out to be different than what they initially expected.

### **Knowledge of Personal Finance**

Americans continue to learn about personal finance primarily from their parents or at home (42%), yet 3 in 4 (76%) admit they could benefit from a financial professional's advice and answers to everyday financial questions. And, indeed, many adults (41%) would give themselves a grade of C, D, or F on their knowledge of personal finance, marking a statistically significant increase from 2010, when just about 1 in 3 rated their financial knowledge so poorly.

## More Than Half of Adults Do Not Have a Budget

Continuing the trend of the previous few years, just over 2 in 5 U.S. adults (43%) have a budget and keep close track of expenses such as food, housing and entertainment. More than half of adults (56%), or 128.4 million Americans, do not.

Compared with 2009, there has been a significant increase in the proportion of adults who do not have a sense of their basic expenses, although they do track overall spending (15% vs. 11% 2009). If we add to this group those adults who do not have a sense of how much they spend and often don't track overall spending (7%), the proportion rises to more than 1 in 5 adults who are not tuned in to their expenditures – levels last witnessed in 2007.

### Subgroup Analysis

Gen Y adults (ages 18-34) are significantly more likely than their older counterparts aged 45+ to admit they do not have a budget. Notably, Hispanic adults (20%) are *significantly more likely* than Caucasian (5%) or African-American (4%) adults to report that they have a limited sense of their expenditures and don't track their overall spending.

Continuing a trend that emerged in 2009, adults with the lowest household income are significantly *more likely* than those with higher incomes to maintain a budget and track their expenses. This year, half of adults who earn less than \$35K (49%) or \$35K to less than \$50K (50%) have a budget and track spending, compared with just three in ten adults who earn \$100K or more (30%).

Q1 (R1)	Total 2011 %	Total 2010 %	Total 2009 %	Total 2008 %	Total 2007 %
Which of the following best describes how you manage your money?	<b>Base: Adults 18+</b>				
	(n= 1,010)	(n= 2,028)	(n= 1,000)	(n= 1,001)	(n= 1,003)
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
You have a budget and keep close track of how much you spend on such things as food, housing and entertainment	43	43 <b>E</b>	42	42	39
Don't have a budget (Net)	56	56	57	N/A	N/A
You have a somewhat good idea about how much you spend on such things as food, housing and entertainment, but you don't keep strict track of your spending on these things	34	37	39 <b>A</b>	35	36
You don't have a good idea how much you spend on such things as food, housing and entertainment, but you keep track of your overall spending and try to stay within certain limits that you've set for yourself	15 <b>CD</b>	14 <b>C</b>	11	12	15 <b>CD</b>
You don't have a good idea how much you spend on such things as food, housing and entertainment, and you often don't keep track of your overall spending	7 <b>B</b>	5	7 <b>B</b>	7 <b>B</b>	7 <b>B</b>
Don't know	1	1	1	2 <b>B</b>	2 <b>B</b>
Refused	*	*	*	2 <b>ABC</b>	1

## Almost Three in Ten Adults Do Not Pay Their Bills on Time

Although 2 in 3 adults (68%) say they pay all of their bills on time and have no debts in collection, more than 1 in 4 (28%) admit to not paying all of their bills on time. Seven percent of adults, or 1.6 million Americans, currently have debts in collection, including 2% who are seriously considering filing for bankruptcy or have already done so in the past 3 years.

### Subgroup Analysis

Perhaps not surprisingly, compared to those with lower incomes or less education, adults with the highest household incomes and college graduates are significantly more likely to report paying all of their bills on time and having no debts in collection. Conversely, adults who earn less than \$50K are significantly more likely than higher earners to report some delinquent payment of their bills.

African-American adults are twice as likely as Caucasians to report occasionally missing some payments while having no debts in collection (21% vs. 11%, respectively). Additionally, Hispanic adults are significantly more likely than Caucasians to report struggling to pay their bills every month and receiving calls from collectors (10% vs. 2%, respectively).

Q2 (R2)	Total 2011 %	Total 2010 %	Total 2009 %	Total 2008 %
<b>Which of the following best describes your financial situation?</b>	<b>Base: Adults 18+</b>			
	(n= 1,010)	(n= 2,028)	(n= 1,000)	(n= 1,001)
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
You pay all of your bills on time and have no debts in collection	68	69	70	69
Do not pay all bills on time (Net)	28	28	26	N/A
You sometimes miss a payment but have no debts in collection	14 <b>CD</b>	13 <b>C</b>	10	11
You struggle to pay your bills every month but have no debts in collection	8	9	10	9
You are getting calls from collectors and struggle to pay your bills every month	4	4	4	5
You are seriously considering filing for bankruptcy or have filed for bankruptcy in the past three years	2	2	2	2
I am not involved at all in any financial decisions including how money is spent in our household	1	2 <b>AC</b>	1	2
Don't know	2 <b>B</b>	1	1	2 <b>B</b>
Refused	1	1	1	1
<b>Special Net: No debts in collection</b>	<b>89</b>	<b>91</b>	<b>91</b>	<b>N/A</b>
<b>Special Net: Debts in collection</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>N/A</b>

## Three in Four Americans Express Concerns about Financial Matters

Nearly 3 in 4 adults (73%) are currently concerned about some aspect of their finances. Almost half are worried about insufficient savings for retirement (48%) and/or emergencies (45%), and more than 1 in 4 (28%) are concerned about their ability to pay day-to-day living expenses, such as groceries and utilities. Additionally, 1 in 4 (25%) are concerned about their total debt, though only 1 in 10 are concerned about missing debt payments (10%) or receiving collection calls/letters (10%). Just over 1 in 4 Americans (27%) do not have any concerns about their financial situation.

### Subgroup Analysis

Not surprisingly, adults with the lowest household incomes are much more inclined than higher earners to express concerns about various financial matters, as are adults with children living in their home. Additionally, African-American and Hispanic adults are significantly more likely than Caucasian adults to express concerns with assorted financial challenges, including the inability to pay for daily expenses or their mortgage, their poor credit rating, or receiving collection calls and letters. Conversely, older adults ages 65+ are significantly more likely than their younger counterparts to have none of these worries.

<b>Q3 (R2A)</b>	<u>Total 2011</u> %
<b>Which of the following, if any, are you currently concerned about when it comes to your financial situation? *</b>	<b>Base: Adults 18+ (n= 1,010)</b>
Any (Net)	73
Not having enough retirement savings	48
Not having enough "rainy day" or emergency savings	45
Paying day-to-day living expenses such as groceries and utilities	28
Your total amount of debt	25
Losing your job	17
Being able to consistently pay your mortgage	16
Your poor credit rating	15
Receiving collection calls and letters	10
Continually missing debt payments	10
Something else	13
None of these	27
Don't know	-
Refused	*

\*Multiple responses were allowed.

## One in Three Americans Do Not Have Savings

Fully 1 in 3 adults (33%), or 75.6 million Americans, have no savings, excluding retirement savings. Although there had been a steady increase in the proportion of adults who have savings between 2008 (63%) and 2010 (67%), that proportion has now declined somewhat (to 64% in 2011).

### Subgroup Analysis

Racial and ethnic minorities are significantly more likely than others to report that they do not have any non-retirement savings. Roughly half of African-American (54%) and Hispanic (47%) adults have no savings, compared with just over 1 in 4 Caucasians (27%). Similarly, adults with less education and lower household income are significantly more likely than their respective counterparts to report having no non-retirement savings.

<b>Q4 (R3)</b>	<u>Total 2011</u> %	<u>Total 2010</u> %	<u>Total 2009</u> %	<u>Total 2008</u> %
<b>Do you have any savings, excluding retirement savings?</b>	<b>Base: Adults 18+</b>			
	<b>(n= 1,010)</b>	<b>(n= 2,028)</b>	<b>(n= 1,000)</b>	<b>(n= 1,001)</b>
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
Yes	64	67 <b>D</b>	65	63
No	33	30	32	36 <b>B</b>
Don't know	1	1	*	*
Refused	2	2 <b>D</b>	2	1

## One in Three Americans Do Not Save for Retirement

Though U.S. adults are now more likely to save for retirement than they were in 2009 (61% vs. 56%, respectively), as many as 1 in 3 (32%), or 73.4 million Americans, do not save any portion of their household's income for retirement.

### ***Subgroup Analysis***

Not surprisingly, Gen Y and senior adults are significantly less likely to save for retirement. Similarly, adults with lower household incomes and less education are also less likely to save a portion of their annual income for retirement.

Q5 (R5)	Total 2011 %	Total 2010 %	Total 2009 %	Total 2008 %
On average, what percentage of your household's income do you save every year for retirement?	Base: Adults 18+			
	(n= 1,010)	(n= 2,028)	(n= 1,000)	(n= 1,001)
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
0% or nothing	32	33 <b>D</b>	33 <b>D</b>	28
Any (Net)	61 <b>C</b>	59	56	N/A
1% to 10%	35	35	34	33
11% to 20%	17	17	16	16
More than 20%	9 <b>C</b>	7	6	8
Already retired (VOL)	N/A	N/A	N/A	8
Don't know	4	5	8 <b>AB</b>	6 <b>A</b>
Refused	3	3	2	2

## **Current Retirees Rely on Social Security; Future Retirees Plan to Rely on Personal Savings**

Retirement is an expensive proposition, which requires funding either through personal savings, pension or retirement plans through work, government-sponsored Social Security, and/or assorted other measures, such as part-time work or family assistance. Though 4 in 5 adults (82%) are either already retired or plan to retire, as many as 1 in 5 (20%) of those who are not currently retired have no plans to do so – potentially because they cannot afford it.

Current retirees rely primarily on Social Security (80%) for financial support, followed by personal retirement savings (51%), pensions (51%), and/or retirement plans at work (49%).

Notably, just under half of adults who are not already retired (49%) expect to rely on the Social Security program. More than half (54%) plan to support themselves with personal retirement savings (54%). Additionally, non-retirees are significantly less likely than current retirees to expect to receive financial support from a pension plan at work (37% vs. 51%, respectively).

### **Subgroup Analysis**

Among adults who are not yet retired, older adults (55+) are more likely than their younger counterparts to look forward to support from Social Security. Adults in higher-earning households are more likely to say they plan to rely on retirement savings, independent investments, and their retirement plan at work.

<b>Q6 (R5A)</b>	<u>Total 2011</u> %		
	<b>Base: Adults 18+ (n= 1,010)</b>	<b>Base: Not retired (n= 665)</b>	<b>Base: Retired (n= 345)</b>
Retired/Plan on Retiring (Net)	82	77	99
Social Security	55	49	80
Savings you've put away specifically for retirement	53	54	51
Your retirement plan at work	47	47	49
Your pension plan at work	40	37	51
Independent investments	37	37	35
A part-time job	34	41	8
An inheritance	13	15	6
Financial assistance from your family	10	11	5
Some other way	13	13	12
I do not plan on retiring (VOL)	16	20	-
Don't know	2	2	*
Refused	*	*	1

*\*Multiple responses were allowed.*

## Three in Five Homeowners Currently Have a Mortgage on their Home

Almost 3 in 5 homeowners (58%) currently have a home mortgage – representing a slight decline from last year (61%). However, in the years preceding 2010, the proportions of homeowners with mortgages have been somewhat erratic, from 53% in 2007 to 45% in 2008, and then 59% in 2009.

### Subgroup Analysis

Homeowners most likely to have a home mortgage include those earning the highest incomes, as well as those with children under the age of 18 living with them. Homeowners ages 65+ are least likely to have a mortgage, presumably because they have already paid it off.

Q7 (R6)	Total 2011 %	Total 2010 %	Total 2009 %	Total 2008 %
Do you currently have a home mortgage of any type?	Base: Adults 18+			
	(n= 1,010)	(n= 2,028)	(n= 1,000)	(n= 1,001)
	A	B	C	D
Yes	41	44	42	45
No	58	55	57	54
Paid off within the last 12 months (VOL)	N/A	N/A	N/A	1
Don't know	1	*	*	*
Refused	1	1	1	*

Q7 (R6)	Total 2011 %	Total 2010 %	Total 2009 %	Total 2008 %	Total 2007 %
Do you currently have a home mortgage of any type?	Base: Homeowners				
	(n= 782)	(n= 1,547)	(n= 753)	(n= 752)	(n= 753)
	A	B	C	D	E
Yes	58 <b>DE</b>	61 <b>DE</b>	59 <b>DE</b>	45	53 <b>D</b>
No	41	38	40	54 <b>ABCE</b>	46 <b>ABC</b>
Paid off within the last 12 months (VOL)	N/A	N/A	N/A	1	-
Don't know	*	*	*	*	*
Refused	1	*	1	*	1

## Three in Ten Mortgage-Holders Surprised by Terms

Nearly 3 in 10 adults who have a mortgage (29%) report that the terms of their mortgage turned out to be different than what they had initially expected, especially with respect to the amount of their monthly payment (16%), their interest rate (12%), the dollar amount of their mortgage after it reset (10%), the private mortgage insurance (“PMI”) they had to pay (8%), or how long the initial interest rate lasted (8%).

### Subgroup Analysis

Homeowners with the lowest household incomes are more likely than their higher-earning counterparts to have found assorted aspects of their mortgage to be different than they had initially expected, including their interest rate, the amount of their monthly payment, and the duration of the initial interest rate.

Additionally, homeowners ages 65+ who still have a mortgage are more likely than their younger counterparts to have found their interest rate to be different than they had originally anticipated.

Q8 (R7)	Total 2011 %	Total 2010 %	Total 2009 %
In which of the following ways, if any, did the terms of your mortgage turn out to be different than what you initially expected? *	Base: Have a home mortgage		
	(n= 443)	(n= 899)	(n=411)
	A	B	C
Any (Net)	29	33	28
The amount of your monthly payment	16	14	14
The interest rate	12	12	13
The new dollar amount of your mortgage after it reset	10	11	8
The private mortgage insurance, or PMI, that you had to pay in addition to your monthly mortgage payment	8	9	9
How long the initial rate lasted	8	9	10
Other	7 <b>C</b>	7 <b>C</b>	*
None of these	69	64	68
Don't know	1	2	3 <b>A</b>
Refused	1	1	*

\*Multiple responses were allowed.

## Majority of Adults Find It Acceptable to Default on Mortgage

More than 4 in 5 Americans (82%) believe there are circumstances which warrant defaulting on a mortgage; only 16% do not. More than half of adults (54%) – more so than last year (49%) – believe that defaulting would be justifiable if the borrower was misled about the terms of the loan. And almost as many (49%) believe that defaulting on a mortgage would be justifiable if the borrower could no longer afford the monthly payment.

Compared to 2010, adults are now also more likely to find it acceptable to default on a mortgage if the emotional stress of meeting each payment is overwhelming (34% vs. 30%), or if the property is now worth less than the amount owed (29% vs. 23%).

### Subgroup Analysis

African-American and Hispanic adults are more likely than Caucasians to consider assorted explanations for defaulting on a mortgage to be acceptable. Additionally, adults who earn lower incomes (less than \$50K) are more likely than higher earning adults to find justification for defaulting on a mortgage.

Q9 (R9)	Total 2011 %	Total 2010 %
<b>Under what circumstances, if any, would you consider it justifiable for someone to default on a mortgage? *</b>	<b>Base: Adults 18+</b>	
	<b>(n= 1,010)</b>	<b>(n= 2,028)</b>
	<b>A</b>	<b>B</b>
Any (Net)	82	80
The borrower was misled about the terms of the loan	54 <b>B</b>	49
The borrower could no longer afford the monthly payment	49	46
The lender would not work with the borrower to modify the mortgage	43	43
The emotional stress of trying to meet the payment each month is overwhelming	34 <b>B</b>	30
The property is now worth less than what is owed on it	29 <b>B</b>	23
The borrower needs to relocate	26	26
The property is not the borrower's primary residence	17	16
The property is an investment property only	16	14
Other	24 <b>B</b>	18
None	16	15
Don't know	2	4 <b>A</b>
Refused	*	1

\* Multiple responses were allowed.

## Most Adults Have Not Requested Their Credit Report

Almost 2 in 3 adults (65%) – approximately 149 million Americans – have not ordered a copy of their credit report during the past 12 months, and almost as many (63%) have not ordered or received their credit score.

### Subgroup Analysis

Gen Y adults, seniors, Hispanic adults, those who earn less than \$35K, and those with a high school education or less are significantly less likely to have ordered a credit report in the past year.

<b>Q10 (R10)</b>	<u>Total 2011</u> %	<u>Total 2010</u> %	<u>Total 2009</u> %	<u>Total 2008</u> %
<b>Have you ordered a copy of your credit report in the past 12 months?</b>	<b>Base: Adults 18+</b>			
	<b>(n= 1,010)</b>	<b>(n= 2,028)</b>	<b>(n= 1,000)</b>	<b>(n= 1,001)</b>
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
Yes	34	34	34	37
No	65	65	64	62
Don't know	*	1	1	1
Refused	*	*	1	*

## Many Adults Doubt the Usefulness of Reviewing Their Credit Report

Adults who have not ordered a copy of their credit report in the past 12 months most commonly say they didn't think it would be useful (43%) or they don't plan to apply for any new lines of credit (43%). More than 1 in 3 (35%) say they reviewed their credit report more than 12 months ago, and more than 1 in 5 (22%) don't think they have any credit history to review.

Additionally, substantial minorities of adults were not aware that they could order a copy of their credit report (16%), how to do so (17%), or that they could do so for free (18%). As many as 14% of adults who have not ordered their credit report in past year, or nearly 21 million Americans, don't know what a credit report is.

### **Subgroup Analysis**

Gen Y adults, seniors ages 65+, those with lower household incomes, and those with less education are significantly more likely than their respective counterparts to explain that they did not review their credit report in the past 12 months because they are unaware that copies of their credit report are: available; free of charge; or even how to go about ordering them. They are also more likely to doubt that they would understand the contents of their credit report.

African-American adults are also more likely than others to be unaware that they could order their credit report, that it is free, or how to order a copy. Hispanic adults are more likely to say they doubt they would understand the contentstst.

<b>Q11 (R10A)</b>	<u>Total 2011</u> %
<b>Why haven't you ordered a copy of your credit report in the past 12 months?*</b>	<b>Base: Have not ordered a copy of credit report in past 12 months (n= 634)</b>
Any (Net)	90
Didn't think it would be useful to you	43
Don't plan to apply for any new credit or loans	43
Reviewed your credit report more than 12 months ago	35
Don't think you have any credit history to review	22
Didn't know you could get it for free	18
Didn't know how to order a copy of your credit report	17
Didn't know you could order a copy of your credit report	16
Didn't think you would understand the contents of the credit report	14
Don't know what a credit report is	14
Some other reason	17
None of these	8
Don't know	2
Refused	*

\*Multiple responses were allowed.

## Most Adults Have Not Requested Their Credit Score

Almost 2 in 3 adults (65%) have not ordered a copy of their credit report during the past 12 months, and almost as many (63%) – or 144.4 million Americans – have not ordered or received their credit score.

<b>Q12 (R10B)</b>	<u>Total 2011</u> %
<b>Have you ordered or received your credit score in the past 12 months?</b>	<b>Base: Adults 18+ (n= 1,010)</b>
Yes	37
No	63
Don't know	*
Refused	*

## Many Adults Report Carrying Credit Card Debt from Month to Month

Though half (50%) of adults say their household does not carry any credit card debt from month to month, 2 in 5 (40%), or 91.7 million Americans, do.

### Subgroup Analysis

Younger adults (ages 18-64) are more likely than seniors ages 65+ to say their household carries \$1,000 or more in credit card debt from month to month.

Q13 (R12)	Total 2011 %	Total 2010 %	Total 2009 %
<b>Roughly how much credit card debt, if any, does your household carry from month to month?</b>	<b>Base: Adults 18+</b>		
	<b>(n= 1,010)</b>	<b>(n= 2,028)</b>	<b>(n= 1,000)</b>
	<b>A</b>	<b>B</b>	<b>C</b>
Any (Net)	40	41	44
Less than \$2,500 (Subnet)	28	25	28
\$1 to \$499	14 <b>C</b>	13	11
\$500 to \$999	6	5	7 <b>B</b>
\$1,000 to \$2,499	8	8	10
\$2,500 or more (Subnet)	12	16 <b>A</b>	16 <b>A</b>
\$2,500 to \$4,999	4	5	5
\$5,000 to \$9,999	3	5 <b>A</b>	5 <b>A</b>
\$10,000 or more	4	5	6 <b>A</b>
None	50	48	46
Don't know	5	7 <b>A</b>	6
Refused	6 <b>BC</b>	4	4

### Three in Ten Adults Report At Least One Credit Card-Related “Financial Sin”

Q14 (R13)	Total 2011 %	Total 2010 %	Total 2009 %
In the last 12 months, have you...? *	Base: Adults 18+		
	(n= 1,010)	(n= 2,028)	(n= 1,000)
	A	B	C
Any (Net)	30	40 <b>A</b>	40 <b>A</b>
Cancelled a credit card	12	17 <b>A</b>	15 <b>A</b>
Been late making a credit card payment	9	12 <b>A</b>	15 <b>AB</b>
Applied for a new credit card	10	12	11
Missed a credit card payment	5	8 <b>A</b>	8 <b>A</b>
Transferred the balance from one credit card to another	5	6	7
Been rejected for a new credit card	4	5	6 <b>A</b>
Made a payment that was less than the minimum payment required	4	5	7 <b>AB</b>
Obtained a cash advance from your credit card company	4	4	4
Consolidated your credit card debt into a personal bill consolidation loan	2	2	2
None of these	69 <b>BC</b>	59	58
Don't know	*	*	*
Refused	1	1	1

\* Multiple responses were allowed.

## One in Four Adults Have Used Alternative Financial Services in Past Year

In the past 12 months, fewer than 1 in 10 adults have relied on alternative financial services such as check cashing facilities (7%), rent-to-own outlets (4%), and “easy loan” companies (2%). Adults who have used such services most often cite their convenience (77%), and/or trustworthiness due to an existing relationship (71%).

### **Subgroup Analysis**

Younger adults (ages 18-64) are more likely than seniors to have used overdraft protection on their checking account in the past 12 months – in fact, nearly 1 in 5 Gen Y adults (18%) have relied on this safety net.

<b>Q15 (R13A)</b>	<b>Total 2011 %</b>
<b>Which of the following financial services, if any, have you used within the past 12 months? *</b>	<b>Base: Adults 18+ (n= 1,010)</b>
Any (Net)	24
Overdraft protection on your checking account	17
Check cashing facilities	7
Rent-to-own outlets	4
Pawn shops	3
“Easy loan” companies	2
Payday loans	2
Car title loan companies	1
“Tote-the-note” vehicle dealerships	1
None of these	75
Don't know	*
Refused	*

## Adults Who Rely on Alternative Financial Services Say They Are Quick and Convenient

In the past 12 months, fewer than 1 in 10 adults have relied on alternative financial services such as check cashing facilities (7%), rent-to-own outlets (4%), and “easy loan” companies (2%). Adults who have used such services most often cite their convenience (77%), and/or trustworthiness due to an existing relationship (71%).

Additionally, more than 2 in 5 (42%) say they have credit cards but chose not to use them, while 1 in 3 (33%) do not have credit cards. Nearly 1 in 5 (18%) could not get a loan, and 15%, or about 8.3 million Americans, do not have an existing banking relationship.

<b>Q16 (R13B)</b>	<u>Total 2011</u> %
<b>Why did you rely on these services? *</b>	<b>Base: Used any listed financial services in past 12 months (n= 195)</b>
Any (Net)	96
These services are quick and convenient for you	77
You trust the businesses you used because you have an ongoing relationship with them	71
You have credit cards, but chose not to use them	42
You don't have credit cards	33
You felt that these services were your only option	29
Your friends and family recommended these services	23
Couldn't get a loan (Sub-Net)	18
You tried, but could not get a loan through a bank or credit union	15
You did not try to get a loan from a bank or credit union because you have previously been turned down	10
You do not have a checking or savings account with a bank or credit union	15
You have credit cards, but have used up your available credit limit	7
Some other reason	22
None of these	4
Don't know	*
Refused	-

*\*Multiple responses were allowed.*

**Impact of Economic Climate on Spending:  
Fewer Americans Are Curbing Their Spending; One in Four are Spending More**

Reversing a trend from the past two years, when at least half of U.S. adults reported spending less than in previous years, this year only 2 in 5 adults (42%) are spending less. Just over 1 in 4 Americans (26%) are spending more this year, representing a shift from the last two years, when fewer than 1 in 5 adults reported increased spending compared to the year before.

If their financial situation were to improve within the next year, among those who have reduced their spending, 1 in 4 (25%) would resume spending as much as they did last year, and more than 1 in 4 (28%) would spend even more.

<b>Q17 (R14)</b>	<u>Total 2011</u> %	<u>Total 2010</u> %	<u>Total 2009</u> %
<b>Compared to one year ago, how has the current economic climate affected your spending? Are you now spending...?</b>	<b>Base: Adults 18+</b>		
	<b>(n= 1,010)</b>	<b>(n= 2,028)</b>	<b>(n= 1,000)</b>
	<b>A</b>	<b>B</b>	<b>C</b>
More (Net)	26 <b>BC</b>	18	18
A lot more than last year	9	8	7
A little more than last year	17 <b>BC</b>	10	10
The same as last year	31 <b>C</b>	31 <b>C</b>	24
Less (Net)	42	51 <b>A</b>	57 <b>AB</b>
A little less than last year	23	28 <b>A</b>	30 <b>A</b>
A lot less than last year	19	23 <b>A</b>	27 <b>AB</b>
Don't know	1	1	*
Refused	*	*	1

<b>Q18 (R15)</b>	<u>Total 2011</u> %	<u>Total 2010</u> %	<u>Total 2009</u> %
<b>If your financial situation were to improve within the next year, would you be more likely to...?</b>	<b>Base: Adults 18+ who are now spending less than last year because of the current economic climate</b>		
	<b>(n= 420)</b>	<b>(n= 1,022)</b>	<b>(n= 571)</b>
	<b>A</b>	<b>B</b>	<b>C</b>
Continue spending less	45	49	52 <b>A</b>
Resume spending as much as last year	25	27	45 <b>AB</b>
Spend more than you did last year	28 <b>B</b>	21	N/A
Don't know	2	2	3
Refused	*	*	*

**Impact of Economic Climate on Saving:  
Many Adults Now Saving Less; Those Saving More Likely to Continue to Save More**

More than 1 in 3 adults (36%) are saving less than last year. Among the more than 1 in 5 who are now saving more (22%), nearly 4 in 5 (79%) would continue to save more even if their financial situation improved within the next year.

<b>Q19 (R16)</b>	<u>Total 2011</u> %	<u>Total 2010</u> %	<u>Total 2009</u> %
<b>Compared to one year ago, how has the current economic climate affected your saving habits? Are you now saving...?</b>	<b>Base: Adults 18+</b>		
	<b>(n= 1,010)</b>	<b>(n= 2,028)</b>	<b>(n= 1,000)</b>
	<b>A</b>	<b>B</b>	<b>C</b>
More (Net)	22	24	23
A lot more than last year	7	8	9
A little more than last year	14	17 <b>A</b>	15
The same as last year	41	38	39
Less (Net)	36	36	35
A little less than last year	19 <b>C</b>	18 <b>C</b>	15
A lot less than last year	18	17	20 <b>B</b>
Don't know	1	1	1
Refused	*	1	2 <b>AB</b>

<b>Q20 (R17)</b>	<u>Total 2011</u> %
<b>If your financial situation were to improve within the next year, would you be more likely to...?</b>	<b>Base: Adults 18+ who are now saving more than last year because of the current economic climate (n= 203)</b>
Continue to save more	79
Resume saving as much as last year	17
Save less than you did last year	4
Don't know	1
Refused	*

## Two in Three Americans Pay Mostly with Cash/Debit, Primarily to Avoid High Interest Rates

Q21 (R18)	Total 2011 %	Total 2010 %
Compared to how you used to pay for most purchases one year ago, which of the following statements best describes how you pay for most purchases now?	Base: Adults 18+	
	(n= 1,010)	(n= 2,028)
	A	B
Pay with credit (Net)	21	24
You pay for most purchases with a credit card, as you did in the past	17	18
You pay for most purchases with a credit card, but you used to pay for most purchases with cash or a debit card	4	6 <b>A</b>
Pay with cash/debit (Net)	68	67
You pay for most purchases with cash or a debit card, but you used to pay for most purchases with a credit card	8	13 <b>A</b>
You pay for most purchases with cash or a debit card, as you did in the past	59 <b>B</b>	54
Other	10 <b>B</b>	7
Don't know	*	1
Refused	1	1

Q22 (R19)	Total 2011 %	Total 2010 %
You mentioned that you pay for most purchases with cash or a debit card. Why? Is it because...? *	Base: Adults 18+ who pay for most purchases with cash or a debit card	
	(n= 624)	(n= 1,276)
	A	B
You want to avoid paying high interest rates on your purchases	69	72
You do not want to do business with credit card issuers	43	43
You tend to overspend when using credit cards	23	23
You elected to close your accounts	18	19
You no longer have access to additional credit	9	8
Your credit card issuers have closed your accounts	8	6
Other	26	22
Don't know	3	2
Refused	1	1

\* Multiple responses were allowed.

## Americans Learn about Personal Finance Primarily from Parents

As in years past, the plurality of U.S. adults (42%) report that they garnered most of their knowledge of personal finance from their parents or at home. Only about 1 in 10 adults learned about this subject at school (9%) or from a financial professional (8%).

### Subgroup Analysis

Caucasian and Hispanic adults are more likely than African-American adults to identify the home as the primary source for edification about personal finance. African-Americans, on the other hand, are more than twice as likely as Caucasians to garner such information from self-help books/media or from friends.

Adults with the highest household incomes are more likely than those with lower incomes to have learned about personal finance from financial professionals.

Q23 (R20)	Total 2011 %	Total 2010 %	Total 2009 %	Total 2008 %
Thinking now about what you have learned about personal finance, where do you think that you learned the most?	<b>Base: Adults 18+</b>			
	(n= 1,010)	(n= 2,028)	(n= 1,000)	(n= 1,001)
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
Any (Net)	84	86	86	N/A
From your parents or at home	42 <b>C</b>	41 <b>C</b>	37	40
From school	9 <b>B</b>	6	9 <b>B</b>	7
From self-help books or media	8	15 <b>AD</b>	15 <b>AD</b>	9
From a financial professional	8	8	12 <b>AB</b>	10
At work	7 <b>BC</b>	5	4	6 <b>C</b>
From friends	6	6	6	5
From the Internet	4	4	4	N/A
Spouse or partner (VOL)	N/A	N/A	N/A	2
Learned on own/myself (VOL)	N/A	N/A	N/A	15
None of these	15 <b>C</b>	13	12	N/A
Don't know	1	1	1	4
Refused	*	*	1	2

## Financial Literacy Is on the Decline

When asked what grade they would give themselves for their knowledge of personal finance, 5% of U.S. adults, or about 11.5 million Americans, gave themselves an F, marking a sharp increase from previous years, when only 2-3% of adults felt this way.

Fewer than 3 in 5 adults (57%) gave themselves an A or B, a significant decrease from the nearly 2 in 3 adults (65%) who gave themselves such high marks in 2010.

### Subgroup Analysis

It is interesting to note that men are significantly more likely than women to give themselves failing grades for their knowledge of personal finance (8% vs. 2%, respectively).

Additionally, Hispanic adults are more likely than Caucasians to give themselves an F, while Caucasians and African-Americans are more likely than Hispanics to give themselves an A.

Perhaps not surprisingly, adults with a higher education and those in households with a greater annual income are more likely to give themselves higher marks on their knowledge of personal finance.

Q24 (R21)	Total 2011 %	Total 2010 %	Total 2009 %
On a scale from A to F, what grade would you give yourself in terms of your knowledge about personal finance?	Base: Adults 18+		
	(n= 1,010)	(n= 2,028)	(n= 1,000)
	A	B	C
A/B (Net)	57	65 <b>AC</b>	58
A	21	22 <b>C</b>	18
B	37	42 <b>A</b>	40
C	30 <b>B</b>	26	29
D/F (Net)	11 <b>B</b>	8	12 <b>B</b>
D	7	7	9
F	5 <b>BC</b>	2	3
Don't know	1	1	1
Refused	*	*	1

**With Debt Problems, Adults Are Most Likely to Turn to Family and Friends; Fewer Would Explore Options with Lenders or Debt Settlement Companies**

If they were having financial problems related to debt, U.S. adults would turn primarily to their friends and family for help (24%). Nearly 1 in 5 (18%) would seek the assistance of a financial professional, and 15% would rely on a do-it-yourself tool to help them pay down the debt themselves.

Fewer than 1 in 10 adults would reach out to their lender, either to settle the debt for less than the balance owed (7%) or to see what solutions the lender might be able to offer (8%).

Though only a minority, adults are twice as likely to turn to a non-profit credit counseling agency (7%) as they are to contact a debt settlement company (3%).

<b>Q25 (R21A)</b>	<u>Total 2011</u> %
<b>If you were having financial problems related to debt, which of the following, if any, would you turn to for help first?</b>	<b>Base: Adults 18+ (n= 1,010)</b>
Any (Net)	92
Your friends and family	24
A financial professional such as a Certified Public Accountant (CPA) or financial planner	18
A do-it-yourself tool to help you pay down debt yourself	15
The lender or credit card company to see what solutions they could offer	8
The lender or credit card company specifically about settling the debt for less than the balance owed	7
A professional non-profit credit counseling agency	7
A debt settlement company to settle the debt for less than the balance owed	3
A bankruptcy attorney	2
Some other person or place	10
None of these	5
Don't know	2
Refused	*

## Most Adults Continue to Recognize the Need for Financial Education

About 3 in 4 U.S. adults (76%) agree that they could benefit from some advice and answers to everyday financial questions from a professional, and more than 1 in 4 (28%) – about 64.2 million Americans – *strongly agree*.

### Subgroup Analysis

Gen Y adults are more likely than their senior counterparts to feel that they could benefit from professional advice and answers to everyday financial questions (82% vs. 67%, respectively), whereas seniors are significantly more likely to *strongly disagree* (18% vs. 7%, respectively).

African-Americans are more likely than Caucasians to *strongly agree* that they could use this type of help (39% vs. 26%, respectively).

Intriguingly, adults with only a high school degree or less are more likely to *disagree* with this statement than those with at least some college education.

Q26 (R22)	Total 2011 %	Total 2010 %	Total 2009 %
How strongly do you agree or disagree with the following statement?	<b>Base: Adults 18+</b>		
<i>Considering what you already know about personal finance, you could still benefit from some advice and answers to everyday financial questions from a professional.</i>	(n= 1,010)	(n= 2,028)	(n= 1,000)
	<b>A</b>	<b>B</b>	<b>C</b>
Agree (Net)	76	78	80 <b>A</b>
Strongly agree	28	31	35 <b>AB</b>
Somewhat agree	48	46	45
Disagree (Net)	23 <b>C</b>	21	19
Somewhat disagree	12	10	10
Strongly disagree	11 <b>C</b>	12 <b>C</b>	8
Don't know	1	1	1
Refused	*	*	*

## Familiarity with NFCC Has Declined

Fewer U.S. adults are familiar with the NFCC this year than last year (15% 2011 vs. 18% 2010). Only 2%, or nearly 4.6 million Americans, are *very familiar*.

More than 4 in 5 (85%) are not familiar, and the majority – nearly 2 in 3 (65%) – are *not familiar at all*.

### Subgroup Analysis

College graduates are more likely than high school graduates to be familiar with the NFCC (19% vs. 12%, respectively). And, adults residing in the West are more likely than all others to say they are very familiar with the NFCC (7% West vs. 1% in each of the 3 other regions).

Q27 (R23)	Total 2011 %	Total 2010 %	Total 2009 %	Total 2008 %	Total 2007 %
<b>How familiar, if at all, are you with the National Foundation for Credit Counseling, also known as NFCC?</b>	<b>Base: Adults 18+</b>				
	(n= 1,010)	(n= 2,028)	(n= 1,000)	(n= 1,001)	(n= 1,003)
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
Familiar (Net)	15	18 <b>A</b>	17	N/A	N/A
Very familiar	2	2	2	2	3
Somewhat familiar	13	16 <b>AE</b>	15 <b>E</b>	15 <b>E</b>	12
Not familiar (Net)	85 <b>B</b>	82	82	N/A	N/A
Not too familiar	20 <b>DE</b>	20 <b>DE</b>	22 <b>DE</b>	14	16
Not familiar at all	65 <b>C</b>	62	60	65 <b>C</b>	68 <b>BC</b>
Don't know	-	*	*	2	2
Refused	*	*	*	1	*