

# 2021 Financial Literacy and Preparedness Survey: Key Findings – General Population

Prepared for:



December 28, 2021

## 2021 Financial Literacy and Preparedness Survey – Research Method and Reading the Report

### Research Method

The 2021 Financial Literacy and Preparedness Survey was conducted online within the United States by The Harris Poll on behalf of NFCC and Wells Fargo from November 1 to November 15, 2021 among 2,000 U.S. adults ages 18 and older representative of the U.S. general population and 500 U.S. adults ages 18 and older who are currently active, enlisted members of the U.S. military, excluding reserve members and those in the National Guard (i.e., “servicemembers”), 250 U.S. adults ages 18 and older who are spouses/partners of servicemembers, and 500 U.S. military veterans.

Servicemember results were weighted for age, gender, education, and race/ethnicity where necessary to align them with their actual proportions in the population of active U.S. military servicemembers, based on targets developed from the 2019 Department of Defense Demographics Report. Spouse results were weighted for age, gender, and military branch where necessary to align them with their actual proportions in the population. Veteran results were weighted for age by sex, education, income, race/ethnicity, region, size of household, marital status, and active-duty status where necessary to align them with their actual proportions in the population. Propensity score weighting was also used to adjust for respondents’ propensity to be online.

Similar online surveys were also conducted by the Harris Poll fielded on:

- August 19 to September 18, 2020 among 506 servicemembers, 254 spouses/partners of servicemembers, and 516 veterans
- March 20 to April 16, 2019 among 531 servicemembers and 439 spouses/partners of servicemembers.
- April 7 and April 15, 2014, among 267 active servicemembers in the U.S. military.

Similar questions were also included in several general population studies conducted by The Harris Poll:

- **“September 2020 General Population”**: Fielded between September 15<sup>th</sup> and September 17<sup>th</sup>, 2020 among n=2,076 U.S. adults ages 18+.
- **“May 2020 General Population”**: Fielded between May 12<sup>th</sup> and May 14<sup>th</sup>, 2020 among n=2,067 U.S. adults ages 18+.
- **“March 2020 General Population” (2020 Financial Literacy Survey)**: Fielded between March 9<sup>th</sup> and March 13<sup>th</sup>, 2020 among 2,004 U.S. adults ages 18+.
- **“2019 General Population” (2019 Financial Literacy Survey)**: Fielded between March 8<sup>th</sup> and March 13<sup>th</sup>, 2019 among 2,086 U.S. adults ages 18+.

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, The Harris Poll 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.

Respondents for this survey were selected from among those who have agreed to participate in the Harris Poll surveys. The data have been weighted to reflect the composition of the adult population. Because the sample is based on those who agreed to participate in market research panels, no estimates of theoretical sampling error can be calculated.

### **FINANCIAL SITUATION AND FINANCIAL LIFE**

***Although a majority of the general population report they pay all of their bills on time and have no debts in collection, about a third are just getting by financially, 3 in 10 are spending more compared to a year ago, and over a fifth are saving less compared to a year ago.***

- The majority of the general population report they pay all of their bills on time and have no debts in collection (71%). [Q710]
- About one third of the general population say that “just getting by financially” describes them completely or very well (34%). [Q717/2]
- Additionally, 3 in 10 are **spending** a lot or a little **more** compared to a year ago (30%) and a little over a fifth are **spending** a lot or a little **less** compared to a year ago (22%). [Q785]
- A little over a quarter are **saving** a lot or a little **more** compared to a year ago (27%), while a little over a fifth are **saving** a lot or a little **less** compared to a year ago (22%). [Q790]

***There are some in the general population who have some anxious attitudes about their financial situation – because of their money situation, they feel like they will never have the things they want in life; they are concerned that the money they have or will save won’t last.***

- A little over a quarter of the general population say the statement “because of my money situation, I feel like I will never have the things I want in life” describes them completely or very well (28%). [Q717/1]
- Additionally, a little over a third of the general population describe themselves as “I am concerned that the money I have or will save won’t last” (35%). [Q717/3]

## **MONEY MANAGEMENT STRATEGIES**

***There is value in educating the general population about strategies/plans for managing and budgeting their money considering there are many in the general population who do not have plans or strategies to manage their money.***

- When it comes to specific ways in which they manage their money, there is room for more of the general population to adopt plans or strategies to manage their financial lives: [Q707]
  - One in three have a detailed plan for what to do with each paycheck their household earns (30%). [Q707]
  - A little less than 1 in 3 have a specific strategy they use to pay down debt (27%). [Q707]
  - A little over 1 in 5 have a specific strategy for how to use any future stimulus payments or new tax credits (22%). [Q707]
  - A little over 1 in 10 depend on an annual tax refund to help pay their bills (12%). [Q707]
- Additionally, less than half of the general population have a budget and keep close track of how much they spend on such things a food, housing, and entertainment (44%). [Q705]
  - In contrast, an equal proportion indicate they have a somewhat good idea about how much they spend on things as food, housing and entertainment but don't keep strict track of their spending on these things (44%). [Q705]

***Cryptocurrency currently plays a relatively minor role in the financial lives of the general population, but a minority have used cryptocurrency in the past 3 months.***

- About 1 in 10 of the general population have used cryptocurrency in the past in past 3 months (9%), and a similar proportion has ever used cryptocurrency as a source for getting access to money (13%). [Q712 and Q706]
- The general population have used a wider variety of products or institutions to get access to money: [Q706]
  - Check cashing store/atm (18%)
  - Cryptocurrency (13%)
  - Consumer bank loan (12%)
  - Cash advance or payday loan (9%)
  - Fintech apps (7%)
  - Consumer finance company loan (6%)
  - Title loan (6%)

***While most can go to a savings account to cover or help cover a \$2,000 emergency, a credit card is the next most common source to pay for a \$2,000 emergency, followed by borrowing from friends and family.***

- A savings account is the most popular source for getting the money to pay for a \$2,000 emergency across the general population (53%). [Q733]
  - There are some other sources smaller proportions of the general population would use to cover a \$2,000 emergency:
    - Credit card (28%)
    - Borrow from friends and family (16%)
    - An emergency fund (12%)
    - Sell or pawn something they own (11%)

***Although most of the general population are confident they are saving enough for retirement, more than a fifth are saving 0% or nothing each year for retirement.***

- Almost two thirds of the general population are confident they are saving enough for retirement (63%). <sup>[Q740 – GENERAL POPULATION ONLY]</sup>
- A little less than a quarter of the general population are saving 0% of their household income every year for retirement (23%). <sup>[Q735]</sup>
  - A quarter are saving 11%-20% of their household income every year for retirement (25%). <sup>[Q735]</sup>

## **PERCEIVED VALUE OF HOMEOWNERSHIP**

***Almost half of the general population believe buying a home is the more affordable option than renting in the current housing market but a quarter are not sure which is more affordable.***

- Almost half of the general population indicate that buying a home instead of renting is the most affordable option considering the current housing market (47%) while a little under 3 in 10 indicate renting is the more affordable option (29%). <sup>[Q835]</sup>
  - A quarter of the general population are not at all sure if buying or renting is the most affordable option (25%). <sup>[Q835]</sup>

## KNOWLEDGE ABOUT PERSONAL FINANCE

*While most of the general population give themselves an A or B for their knowledge about personal finance or feel knowledgeable about their credit score, the balance of loans they have, and their household credit card debt, a majority admit they could, considering what they already know about personal finance, still benefit from some advice and answers to everyday financial questions from a professional. It seems that a variety of life events prompt the general population to seek out more information or simply wish they had known more about personal finance.*

- The majority of the general population give themselves an A or B in terms of their knowledge about personal finance (56%). <sup>[Q795]</sup>
  - Additionally, 16% give themselves a D or F grade . <sup>[Q795]</sup>
- Strong majorities of the general population report they are knowledgeable about three specific aspects of their financial lives:
  - At least 4 in 5 of the general population report they are somewhat or very **knowledgeable about their credit score** (85%). <sup>[Q901/1]</sup>
  - At least 4 in 5 of the general population report they are somewhat or very **knowledgeable about the balance on the loans they have** (85%). <sup>[Q901/2]</sup>
  - At least 4 in 5 of the general population report they are somewhat or very **knowledgeable about their household credit card debt** (85%). <sup>[Q901/3]</sup>
- Even with the majority giving themselves an A or B in terms of their knowledge about personal finance and knowledge about specific aspects of personal finance, the majority of the general population also agree that, considering what they already know about personal finance, they could still benefit from some advice and answers to everyday financial questions from a professional (75%). <sup>[Q810B]</sup>
- Among the general population, buying a home (18%), having to pay for health insurance or out-of-pocket healthcare or dental bills (18%), and buying a car (16%) are the three most popular events that prompted them to wish they had known more about, or seek out more information about, personal finance. <sup>[Q904]</sup>

## MANAGING FINANCES WITH A SPOUSE OR PARTNER

***Communicating and managing household finances with a spouse or partner add another dimension of stress on top of the normally stressful topic of personal finances. The fact that many feel both positive and negative feelings when it comes to talking about personal finance with their spouse or partner reflect the other ambivalent feelings that people report when it comes talking about finances with their spouse or partner. Having advice or guidance from a trusted third-party may help people navigate the fraught ground that people walk when it comes to managing household finances with their partner or spouse, especially during a pandemic.***

- A majority of the general population feel positive feelings (confident, optimistic, comfortable, or excited) when talking to their spouse or partner about personal finances (55%) when talking to their spouse/partner about personal finance while a little over a third feel negative feelings (worried, stressed, ashamed, anxious, overwhelmed) (36%): [Q1110]
  - Additionally, over 1 in 10 of the general population indicate they and their spouse or partner never discuss their finances (14%). [Q1110]
- The majority of the married or partnered general population agree that they're honest with their spouse or partner about their use of household finances (91%). [Q810/1 – MARRIED OR LIVING WITH PARTNER]
- Almost 9 in 10 of the general population agree it's important to be honest about finances with a spouse/partner (86%). [Q1120/4]
- Additionally, about 9 in 10 of married or partnered people in the general population agree that their spouse or partner is honest with them about their use of household finances (88%). [Q810/2 – MARRIED OR LIVING WITH PARTNER]
- Over a third agree that the way they and their spouse or partner manage their money or finances often leads to conflict (35%). [Q810/3 – MARRIED OR LIVING WITH PARTNER]
- Additionally, a third of the general population agrees that they sometimes hide their purchases or spending from their spouse or partner (33%). [Q1120/1]
- About two in five wish they had guidance or advice, or a checklist, for how to talk to their spouse or partner about money (43%). [Q1120/2]
- Additionally, two in five would prefer to avoid talking about finances with their spouse or partner (40%). [Q1120/3]
- For more context, about one in three married or partnered general population report that their spouse or partner has had to get a job or second job in order to bring in more income (31%). [Q810/4 – MARRIED OR LIVING WITH PARTNER]

## HOUSEHOLD AND CREDIT CARD DEBT

***Almost half of the general population are carrying credit card debt and about two in five are carrying some amount of credit card debt month to month. Unfortunately, 26% of those who have some kind of debt are at least \$100,000 in debt. Current debt may make the impact of inflation even worse.***

- Credit card debt is the most common type of debt currently held by the general population followed by mortgage then auto (car) loan debt: <sup>[Q806]</sup>
  - Credit card debt (47%)
  - Mortgage (27%)
  - Auto (car) loan (20%)
- Additionally, among those who have taken a loan in the past 12 months, a credit card is the most popular source (39%). <sup>[Q805 – TAKEN A LOAN IN THE PAST 12 MONTHS]</sup>
- Almost two in five carry some credit card debt month to month, a significant 5-point drop from last year (38% vs 43% in 2020). <sup>[Q765]</sup>
  - The mean amount of self-reported credit card debt carried is \$1,847 compared to a mean amount of \$2,906 in 2020. <sup>[Q765]</sup>
- Additionally, a little over one in ten indicate their household carries more credit card debt compared to 12 months ago (12%). <sup>[Q802]</sup>
- Among those who have some kind of household debt, 32% of the general population have less than \$15,000 in debt and unfortunately 26% have \$100,000 or more in debt. <sup>[Q807]</sup>

***Although many households have some kind of debt and should be knowledgeable about their options to manage it, professional non-profit credit counseling agencies face some hurdles such as relatively low consideration compared to other places people turn to first for help with debt problems and a perception that other options are less stressful to use.***

- In the past 12 months, 44% of the general population have done at least one of the specific actions below that may mean they are in financial distress or taking on more risk: <sup>[Q770]</sup>
  - Applied for a new credit card (18%)
  - Been rejected for a new credit card (11%)
  - Made a payment that was less than the minimum payment required (10%)
  - Been late making a credit card payment (9%)
  - Missed a credit card payment (9%)
  - Cancelled a credit card (9%)
  - Transferred the balance from one credit card to another (8%)
  - Obtained a cash advance from their credit card company (7%)
  - Consolidated their credit card debt into a personal bill consolidation loan (6%)
- If the general population were having financial problems related to debt, they most commonly would turn to their friends and family (27%). <sup>[Q808]</sup>
  - Only 5% would go to a professional non-profit credit counseling agency.
- A little under three in ten of the general population are familiar with the National Foundation for Credit Counseling (27%). <sup>[Q815B]</sup>
- Over a quarter of the general population would not reach out to a professional non-profit credit counseling agency because they think they can resolve their own problems without outside help (27%). <sup>[Q820]</sup>
  - Over one in ten of the general population give other specific reasons:
    - They don't know which agency to turn to (13%)
    - Credit counseling might cost too much (12%)
    - It might hurt their credit report and credit score (11%)

## PAYDAY LOANS

***Most of the general population who have ever used a cash advance or payday loan have used it through a storefront and have also used it last in the past year. It seems that the payday loans or cash advance are used because they use them as they are seen as the most convenient option in the short-term and other options don't seem feasible.***

- Most of the general population who have used cash advance or payday loans have used a company through a storefront (60%). <sup>[Q1200]</sup>
- Additionally, 64% of the general population who have ever used a cash advance or pay day loan have last used it in the past year. <sup>[Q1203]</sup>
- The three most common reasons for using a payday lender among the general population who have ever used a cash advance or payday loan are they only needed a small loan (43%), financial difficulties due to the COVID-19 pandemic (30%), and low credit score (28%). <sup>[Q1210]</sup>
- A third of the general population who used a cash advance or payday loan didn't use an aid or relief organization because they didn't know it was an option (36%) or didn't think they'd get approved (34%). <sup>[Q1205c]</sup>

## WORRIES ABOUT PERSONAL FINANCE

***While many have some specific financial worries, one specific worry on the list in the survey does not stand out. Additionally, a larger segment of the general population report they do not have any financial worries compared to 2020. At least three in ten of the general population are more worried about meeting basic household expenses, being able to make debt payments on time, having enough money to cover unexpected expenses or emergencies, or being able to save for future goals compared to 12 months ago. These worries may get exasperated by any inflation in these households' expenses.***

- While the majority of the general population have a financial worry (62%), there isn't a common worry for the majority of the general population. Additionally, a significantly smaller majority have financial worry compared to 2020 (62% vs 69% in 2020). <sup>[Q720]</sup>
  - Retiring without having enough money set aside is the most common financial worry selected by the general population (12%) followed by worrying about not having enough "rainy day savings" for an emergency (9%) then their credit score (7%).
  - Significantly more of the general population report they do not have any financial worries compared to 2020 (31% vs 25% in 2020)
  - Compared to 2020, significantly fewer are worried about
    - Not enough "rainy day" savings from an emergency (9% vs 12% in 2020)
    - Not being able to afford health insurance (2% vs 5% in 2020)
- A little over a quarter of the general population are more worried about **meeting basic household expenses** compared to 12 months ago (26%). <sup>[Q1020/2]</sup>
- About a quarter of the general population are more worried about **being able to make debt payments on time** compared to 12 months ago (24%). <sup>[Q1020/1]</sup>
- Three in ten of the general population are more worried about **having enough money to cover unexpected expenses or emergencies** compared to 12 months ago (30%). <sup>[Q1020/3]</sup>
- A third of the general population are more worried about **being able to save for future goals** compared to 12 months ago (33%). <sup>[Q1020/4]</sup>

## FINANCIAL IMPACTS OF THE COVID-19 PANDEMIC

***There are segments of the general population who have worries about finances and future income during the pandemic and reinforced by the fact that some have already taken specific actions as a result of the pandemic, such as making use of the gig economy for more income, cutting back on personal spending, or putting away less money in long-term savings. Any impact of inflation or additional shakiness in employment can amplify the effects of the pandemic.***

- A little over a third of the general population have made use of the gig economy to make additional income during the coronavirus pandemic (34%). <sup>[Q1305/1]</sup>
- On top of that, over two in five of the general population are very worried about the potential loss of income and job security resulting from the coronavirus pandemic (42%). <sup>[Q1305/3]</sup>
- A third of the general population have had difficulty in finding an adequate lending or loan option during the coronavirus pandemic (33%). <sup>[Q1305/6]</sup>
- While more than half of the general population report the pandemic has had some effect on personal finances (54%) there is not an overwhelmingly common way the pandemic has affected their finances: <sup>[Q1310]</sup>
  - At least one in ten have been unable to pay their monthly bills (11%), and a similar proportion have been unable to find economic relief or assistance options that apply to them (10%)
  - 13% have missed at least one payment on a loan or credit card (8%) OR missed at least one mortgage or rent payment (8%)
  - About one in ten
    - Loaned money to or financially supported family or friends who lost their job or home due to the pandemic (9%)
    - Had to move in with family or friends (8%)