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TIAA INSTITUTE AND GFLEC STUDY FINDS AMERICANS' FINANCIAL LITERACY HAS INCREASED OVER TIME

Annual P-Fin Index survey also reveals that most people do not understand their own financial literacy strengths and weaknesses

NEW YORK (April 7, 2020) – The fourth annual Personal Finance Index (P-Fin Index), released today by TIAA Institute and the George Washington University School of Business (GWSB) Global Financial Literacy Excellence Center (GFLEC), shows a slight improvement in financial knowledge among Americans. This year's survey also provides insights about the amount of time people spend at work on personal financial issues and about the financial literacy of Gen Z.

The P-Fin Index provides an annual snapshot of the financial literacy levels and understanding of the American population. In the context of the current pandemic and resulting economic crisis, the index provides a glimpse into the economic strength and preparedness of Americans going into the crisis and their ability to best navigate a recovery. The survey, conducted before the coronavirus pandemic, found that individuals with greater financial literacy are more likely to be able to cope with a financial shock. If an unexpected need arose, 77 percent of individuals with a high level of literacy would be able to come up with \$2,000 versus just 21 percent of individuals with a low level of literacy.

On a positive note, the percentage of personal finance questions answered correctly has increased by 1 percentage point each year since the inaugural index in 2017. In 2020, U.S. adults correctly answered 52 percent of the P-Fin Index questions, on average, compared to 49 percent in 2017. This represents a statistically significant increase in Americans' financial literacy over this period. However, Gen Z notably answered only 41 percent of the index questions correctly—this generational data is reported for the first time.

“Particularly as the world navigates the current health crisis, we are reminded that a sound understanding of the basic tenets of personal finance is critical to overall financial wellbeing,” said Stephanie Bell-Rose, Head of the TIAA Institute. “This year's P-Fin Index provides essential data to help us better understand the financial literacy topics Americans are actually struggling to understand and how we can help them prepare for unexpected financial challenges in the future.”

While overall financial literacy is improving, this year's survey also revealed that many Americans incorrectly assess their own aptitude on a variety of financial literacy topics. Those surveyed identified consuming and earning as areas where they felt most knowledgeable; however, the topic of borrowing is where Americans show the most proficiency. Similarly, adults believe investing is a

topic where they are least knowledgeable, while comprehending risk is actually where significant knowledge gaps remain.

Additionally, the survey found that Americans spend significant time during their workday navigating money management problems. U.S. adults with low financial literacy spend an average of 12 hours per week—including six hours while at work—dealing with personal finance issues, compared to three hours for those with high financial literacy—including one hour while at work.

“Even before the Covid-19 pandemic hit the economy, there were signs of financial fragility and financial distress. This report reminds us that it is during a storm that sailing knowledge (financial literacy) shows its worth. Going forward, it is going to be even more important to have the skills and knowledge necessary to build financial resilience,” said Annamaria Lusardi, the Denit Trust Endowed Chair of Economics and Accountancy at GWSB and the Academic Director of GFLEC.

The P-Fin Index includes a total of 28 questions across eight areas of personal finance in which individuals routinely function:

- Earning: determinants of wages and take-home pay
- Consuming: budgets and managing spending
- Saving: factors that maximize accumulations
- Investing: investment types, risk and return
- Borrowing/managing debt: relationship between loan features and repayments
- Insuring: types of coverage and how insurance works
- Comprehending risk: understanding uncertain financial outcomes
- Go-to information sources: recognizing appropriate sources and advice

The 2020 P-Fin Index survey sampled 1,008 U.S. adults through an online portal in January 2020. The full report can be found [HERE](#).

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About the TIAA Institute

The TIAA Institute helps advance the ways individuals and institutions plan for financial security and organizational effectiveness. The institute conducts in-depth research, provides access to a network of thought leaders, and enables those it serves to anticipate trends, plan future strategies and maximize opportunities for success. For more information about the TIAA Institute, visit www.tiaainstitute.org.

About TIAA

With an award-winning¹ track record for consistent investment performance, TIAA (TIAA.org) is the leading provider of financial services in the academic,

¹ The Lipper Mixed-Assets Large Fund Award is given to the group with the lowest average decile ranking of three years' Consistent Return for eligible funds over the three-year period ended 11/30/15 (against 39 fund

research, medical, cultural and government fields. TIAA has \$1 trillion in assets under management (as of 12/31/2019²) and offers a wide range of financial solutions, including investing, banking, advice and education, and retirement services.

About GFLEC

The Global Financial Literacy Excellence Center (GFLEC) is dedicated to advancing research and solutions that open the door to universal financial literacy. In working toward that mission, GFLEC has positioned itself as the world's leading incubator for financial literacy research, policy, and solutions. GFLEC launched in 2011 at the George Washington University School of Business in Washington, D.C. Since then, it has pioneered breakthrough tools to measure financial literacy, developed and advised on educational programs, and crafted policy guidelines aimed at advancing financial knowledge in the United States and around the world. For more information on GFLEC, visit <https://gflec.org/www.gflec.org>.

families), 11/30/16 (36), 11/30/17 (35) and 11/30/18 (35). Note this award pertains to mixed-assets mutual funds within the TIAA-CREF group of mutual funds; other funds distributed by Nuveen Securities were not included. From Thomson Reuters Lipper Awards, © 2019 Thomson Reuters. All rights reserved. Used by permission and protected by the Copyright Laws of the United States. The printing, copying, redistribution, or retransmission of this Content without express written permission is prohibited. Certain funds have fee waivers in effect. Without such waivers ratings could be lower. Past performance does not guarantee future results. For current performance, rankings and prospectuses, please visit the Research and Performance section on TIAA.org. The investment advisory services, strategies and expertise of TIAA Investments, a division of Nuveen, are provided by Teachers Advisors, LLC and TIAA-CREF Investment Management, LLC. TIAA-CREF Individual & Institutional Services, LLC, Teachers Personal Investors Services, Inc., and Nuveen Securities, LLC, Members FINRA and SIPC, distribute securities products.

² Based on \$1.1 trillion of assets under management across Nuveen Investments affiliates and TIAA investment management teams as of 12/31/19.