

NEW REPORT

**How financial literacy
varies among U.S. adults**

**THE 2022 TIAA INSTITUTE-GFLEC
PERSONAL FINANCE INDEX**

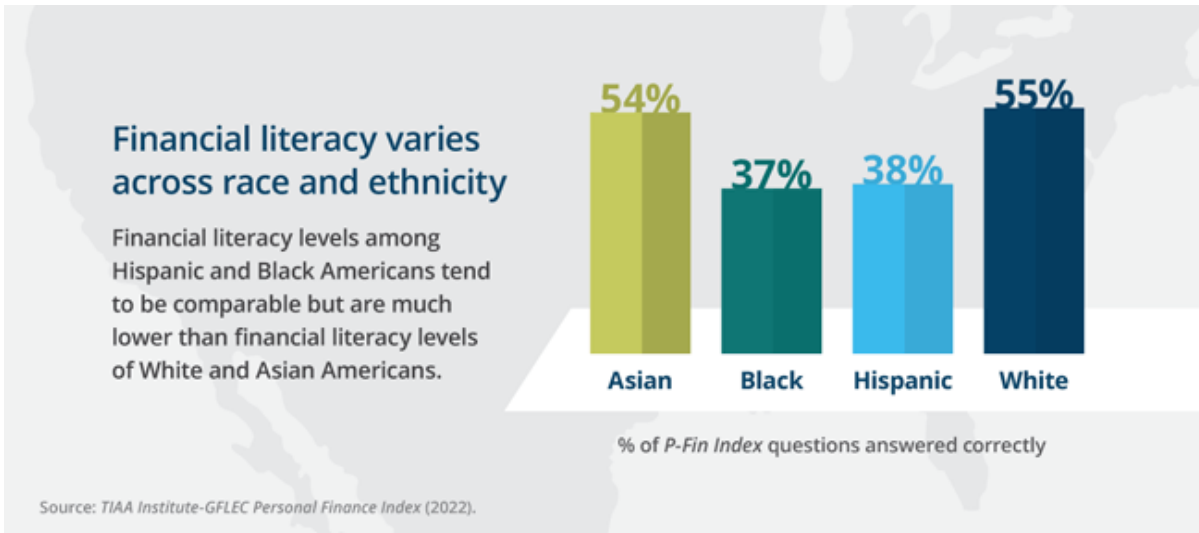


JUST RELEASED

The 2022 TIAA Institute-GFLEC [Personal Finance Index](#) report was released today. This year's survey shows that more U.S. adults have a very low level of financial literacy than in any year since 2017, the first year the Personal Finance (P-Fin) Index data was collected.

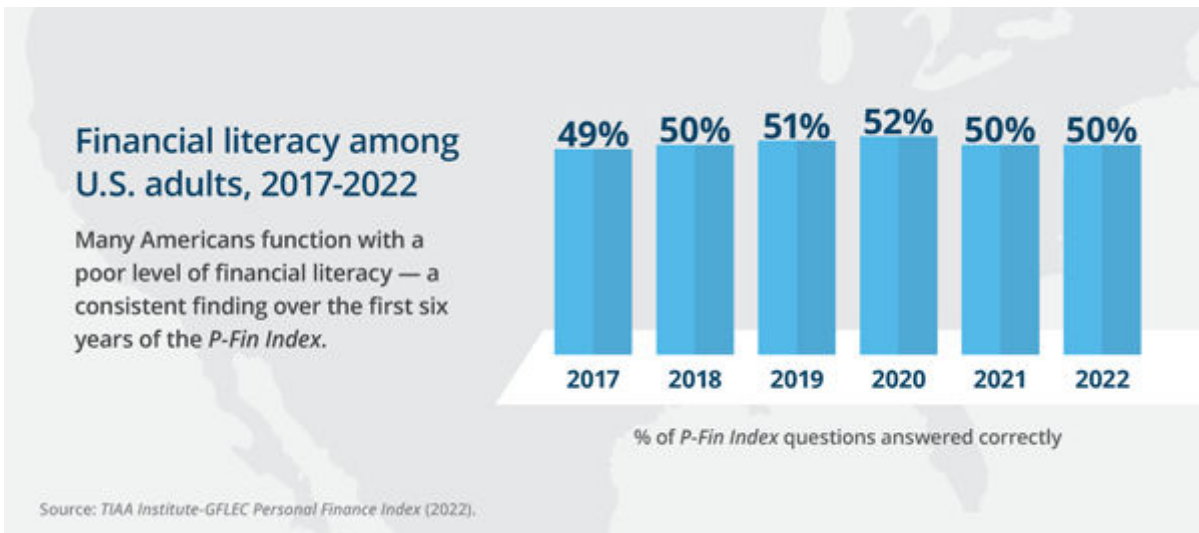
The 2022 index was fielded in January and includes more than 3,500 responses from four racial and ethnic groups and five generations. Asian Americans were oversampled for the first time, along with Black and Hispanic Americans.

The new data shows that financial literacy levels among Asian Americans and Whites tend to be equal, with both groups correctly answering about 55% of the questions. Black and Hispanic Americans each correctly answered about 35% of the questions.



Key findings include:

- Adults correctly answered only half of the questions, on average, a troubling figure that has remained stagnant over time.
- Twenty-three percent of those surveyed could correctly answer only 7 or fewer of the 28 questions—a higher proportion than in any prior year of the survey.
- Functional knowledge tends to be lowest for risk comprehension; only around one-third of these questions were answered correctly.
- Financial literacy tends to be particularly low among those in early adulthood. Gen Z and Gen Y correctly answered only about 45% of the survey questions.



The P-Fin Index underscores the importance of financial literacy for financial well-being, showing that people with a very low level (compared to those with a very high level) of financial literacy are six times more likely to have difficulty making ends meet; three times more likely to be debt constrained; three times

more likely to be unable to cope with a \$2,000 financial shock; and four times more likely to spend more than 10 hours a week on issues related to personal finances.

"The consistently low financial literacy levels among U.S. adults, particularly among the most vulnerable demographic subgroups, is troubling. These findings are a call to action! With financial literacy month underway, I want to invite everyone to join us in the effort to improve financial literacy and financial well-being for all."

— Annamaria Lusardi

Founder and Academic Director of GFLEC
University Professor at GW

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