TIAA Institute

GFLEC
GLOBAL FINANCIAL LITERACY
EXCELLENCE CENTER

2023 *P–FIN INDEX* DATA BRIEF

Financial well–being and literacy in a high–inflation environment

The *TIAA Institute-GFLEC Personal Finance Index* (*P-Fin Index*) annually assesses financial literacy among the U.S. adult population. In addition to a robust measure of overall personal finance knowledge, it provides a nuanced analysis across eight areas in which individuals routinely function.

The 2023 *P-Fin Index* also examined how various dimensions of financial well-being among U.S. adults changed over the course of 2022, a year marked by historically high inflation.

Financial well-being after a year of historically high inflation

Inflation and retirement savings

25%
of workers decreased their retirement savings because of inflation

12%
stopped saving completely

Decreased retirement savings most common among Hispanics

40%
decreased savings

24%
stopped saving

There was essentially no difference between men and women or across generations in the percentage of workers who decreased their retirement savings.

Lower contributions to retirement savings could persist, amplifying the impact on long-term financial security.

Comparing financial well-being among U.S. adults at the beginning of 2023 with the beginning of 2022

● January 2022 ● January 2023

Typically find it difficult to make ends meet

24% 30%

Debt prevents adequately addressing other financial priorities

20% 26%

Lack non-retirement savings sufficient to cover one month of living expenses (among nonretirees)

32% 39%

Spend 10 or more hours per week on personal finance issues

16% 20%

Financial life is harder among those with low financial literacy

Compared to those with very high financial literacy, those with very low financial literacy are:

4x more likely to typically have difficulty making ends meet

3x more likely to be debt constrained

4x more likely to lack one month of living expenses in emergency savings

3x more likely to spend 10 or more hours per week on issues related to personal finances

Decreased retirement saving in response to inflation was more common among workers with low financial literacy

	HAVE VERY LOW FINANCIAL LITERACY	HAVE VERY HIGH FINANCIAL LITERACY
decreased savings	27%	16%
stopped saving	18%	4%

Unfortunately financial literacy remains low for too many adults

Over time U.S. adults have correctly answered approximately one-half of the *P-Fin Index* questions, on average.

2017	2018	2019	2020	2021	2022	2023
49%	50%	51%	52%	50%	50%	48%

35% CORRECT

Financial literacy is lowest in the area of comprehending risk

Learn more

Financial education programs and resources could help close the knowledge gap and improve financial well-being as Americans navigate through turbulent times.

To learn more about the financial well-being and literacy of U.S. adults and its implications, visit the **TIAA Institute** and **GFLEC** websites to read the full *P-Fin Index* report.

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