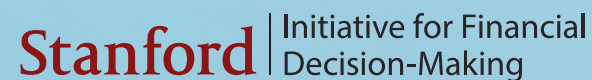


2025 PERSONAL FINANCE INDEX

# The Current State of Financial Literacy in America

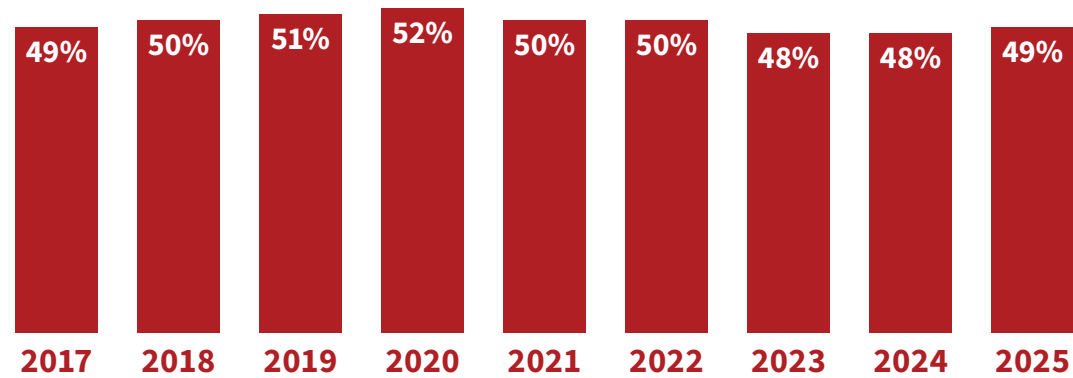
The TIAA Institute-GFLEC Personal Finance Index (P-Fin Index) is an annual study of financial literacy levels among U.S. adults. Now in its ninth year, the P-Fin Index examines knowledge in eight areas of personal finance in which individuals regularly make financial decisions, as well as the relationship between financial literacy and financial well-being.

The P-Fin Index is unique in its capacity to provide a robust measure of overall financial literacy using 28 questions, which assess the knowledge needed for savvy financial decision-making on issues such as saving for retirement, managing debt or insuring against risks.



## Consistently low financial literacy among U.S. adults

U.S. adults have correctly answered only about one half of the P-Fin Index questions each year.



PERCENTAGE OF P-FIN INDEX QUESTIONS ANSWERED CORRECTLY

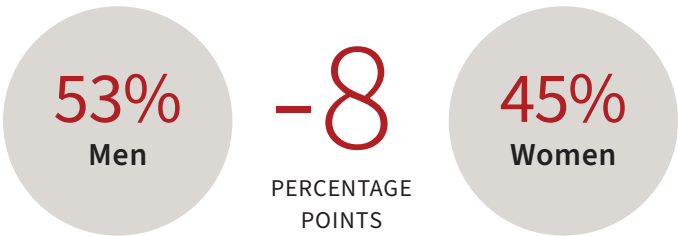
## Off to a slow start

Financial literacy tends to be lowest among the youngest cohort (Gen Z).\*



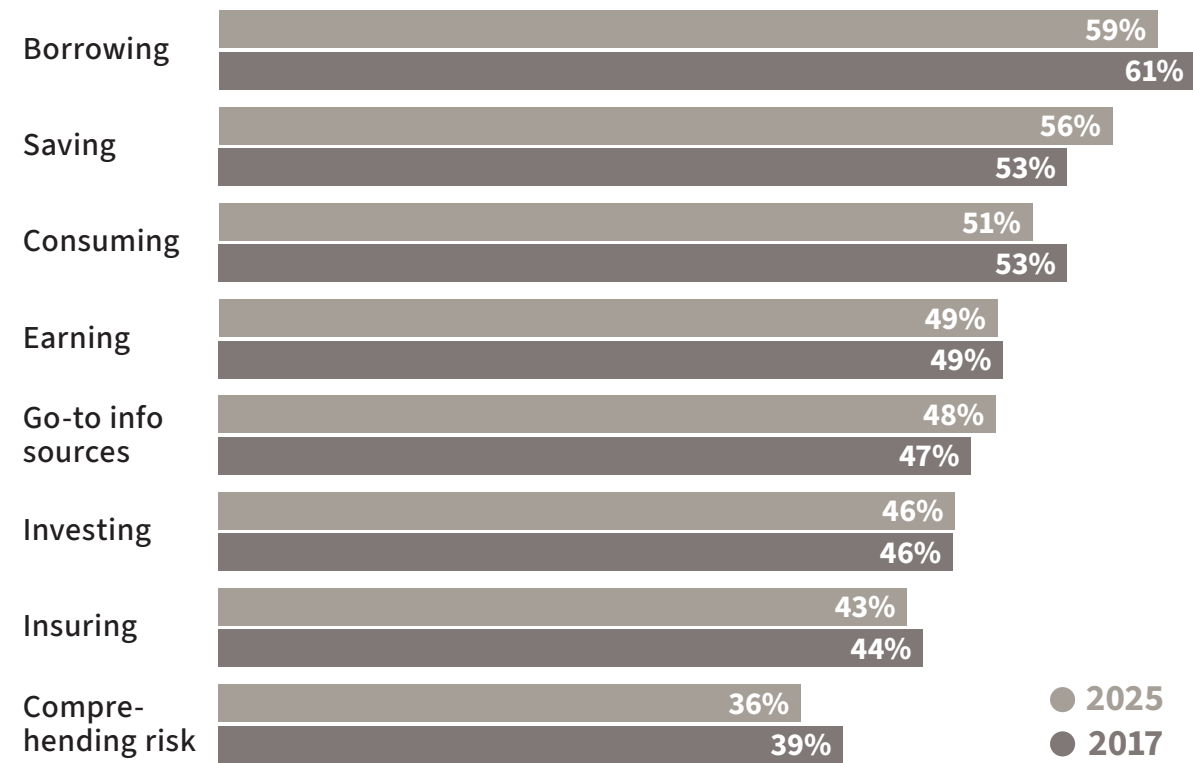
## A gap to bridge

Financial literacy tends to be lower among women compared to men.\*



\* Percentage of P-Fin Index questions answered correctly.

## Little change in knowledge about the eight P-Fin Index topics



PERCENTAGE OF P-FIN INDEX QUESTIONS ANSWERED CORRECTLY



### Better grasp of borrowing

can be useful when it comes to managing existing debt and taking on new debt, as debt tends to be common across the life cycle of many individuals.



### Low understanding of risk

is problematic because uncertainty is inherent in most aspects of personal finances and financial decision-making.

## Link between financial literacy and financial well-being

Compared with those who have a very high level of financial literacy (i.e., they correctly answered more than 75% of the P-Fin Index questions), those with a very low level of financial literacy (i.e., they correctly answered 25% or less of the questions) are:



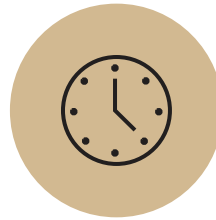
**2x** more likely to be debt-constrained



**5x** more likely to not have or be unsure whether they have emergency savings sufficient to cover one month of living expenses



**3x** less likely to cope with a \$2,000 financial shock



**2.5x** more likely to spend 10 hours or more per week thinking about and dealing with issues and problems related to personal finances

**30%** with very low financial literacy are debt constrained, i.e., their debt and debt payments prevent them from adequately addressing other financial priorities.

**42%** of non-retirees with very low financial literacy do not have adequate emergency savings, i.e., nonretirement savings sufficient to cover one month of living expenses if needed.

### Learn more about the P-Fin Index surveys

The full 2025 P-Fin Index report with additional findings co-authored by Paul Yakoboski of the TIAA Institute, and Annamaria Lusardi and Andrea Sticha of the Stanford Initiative for Financial Decision-Making and GFLEC is available on the **GFLEC** and **TIAA Institute** websites, as are the first eight years of P-Fin Index findings.