

# The P-Fin 8 Index: Official Questions, Scoring, and Technical Guide

## Quick Start

To construct the P-Fin 8 Index, sum correct responses across the eight questions. Each correct answer = 1 point; incorrect and “Don’t know” responses = 0 points. Total scores range from 0 to 8.

## Overview

The P-Fin 8 Index is a concise measure of financial literacy developed by the TIAA Institute and the Global Financial Literacy Excellence Center (GFLEC). It consists of eight multiple-choice questions, each representing one of the eight core domains of personal finance.

The P-Fin 8 is designed as a reduced-form version of the full 28-question P-Fin Index. It closely approximates the full index while minimizing respondent burden, making it suitable for both research and applied settings.

The P-Fin 8 enables researchers to measure financial literacy using a short, validated instrument while maintaining comparability with the full P-Fin Index.

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## How the P-Fin 8 is Scored

Respondents answer eight multiple-choice questions. Each correct answer receives one point.

- Each correct answer = 1 point
- Each incorrect or “Don’t know” response = 0 points
- Total scores range from 0 to 8

The index is computed as:

P-Fin 8 Score =  $\sum$  (Correct Answer  $i$ ), for  $i = 1$  to 8

For research implementation, the following naming convention may be useful:

- Q1\_Earning, Q2\_Consuming, ..., Q8\_Information
- PF8\_Total (sum of correct responses)

## Instrument Design

The P-Fin 8 includes one question from each of the eight P-Fin domains:

- Earning
- Consuming
- Saving
- Investing
- Borrowing and managing debt
- Insuring
- Comprehending risk
- Go-to information sources

Each question is selected based on empirical analysis to represent its respective domain and to approximate the full P-Fin Index.

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## Important Implementation Notes

- The wording and order of the questions must be kept exactly as provided.
  - “Don’t know” responses should be coded as incorrect (0).
  - Any modification to wording, response options, or question order may affect measurement properties and reduce comparability with national benchmark estimates from the P-Fin Index.
  - Missing responses should be treated consistently (e.g., coded as incorrect) unless otherwise specified.
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## Guidance for Researchers

The P-Fin 8 can be used as a standardized measure of financial literacy in survey research and empirical analysis. Common applications include:

- Constructing financial literacy indices (0–8 scale)
- Comparing financial knowledge across demographic groups
- Examining relationships between financial literacy and financial behaviors or outcomes
- Benchmarking results against nationally representative P-Fin Index data

For population-level inference and comparison with national estimates, researchers should apply survey weights when available.

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## Citation

If you use the P-Fin 8 questions or construct the index in your work, please cite:

*TIAA Institute–GFLEC Personal Finance 8 (P-Fin 8) Index.*

For academic papers and reports, you may also include the following acknowledgment:

*This project uses the Personal Finance 8 (P-Fin 8) Index developed by the TIAA Institute and the Global Financial Literacy Excellence Center (GFLEC). The views expressed are those of the authors and do not necessarily reflect those of these institutions.*

## P-Fin 8 Questions

Functional area	Question wording – P-Fin 8 (correct answers are in bold)
Earning	<p>“Mark’s salary has increased over the past two years. What would be a plausible reason for this?”</p> <ul style="list-style-type: none"> <li>• <b>Mark completed several training courses at a local college</b></li> <li>• The number of workers with Mark’s skills increased where he lives and works</li> <li>• New technology reduced the demand for workers with Mark’s skills</li> <li>• Don’t know</li> </ul>
Consuming	<p>“A household budget cannot be used for which of the following?”</p> <ul style="list-style-type: none"> <li>• <b>To track household financial assets</b></li> <li>• To plan for necessary household expenses</li> <li>• To plan household discretionary spending</li> <li>• Don’t know</li> </ul>
Saving	<p>“Akiko has \$1,000 in savings that earns a 2% rate of return over the course of the year. The inflation rate during the year is 3%. Which statement is <u>true</u>?”</p> <ul style="list-style-type: none"> <li>• <b>She can afford to buy fewer things at the end of the year</b></li> <li>• She can afford to buy more things at the end of the year</li> <li>• It’s not clear whether she can afford to buy more things or fewer things at the end of the year</li> <li>• Don’t know</li> </ul>
Investing	<p>“Which statement about investing is correct?”</p> <ul style="list-style-type: none"> <li>• <b>Investing in a mutual fund that holds shares of many companies in multiple industries is typically safer than investing in the stock of a single company</b></li> <li>• Investing in the stock of a single company is typically safer than investing in a mutual fund that holds shares of many companies in multiple industries</li> <li>• Investing in the stock of a single company and investing in a mutual fund that holds shares of many companies in multiple industries are typically equally safe</li> <li>• Don’t know</li> </ul>
Borrowing and managing debt	<p>“José owes \$1,000 on a loan that has an interest rate of 20% per year compounded annually. If he makes no payments on the loan, at this interest rate, how many years will it take for the amount he owes to double?”</p> <ul style="list-style-type: none"> <li>• <b>Less than 5 years</b></li> <li>• 5 to 10 years</li> <li>• More than 10 years</li> <li>• Don’t know</li> </ul>
Insuring	<p>“Katherine is a single 25-year-old worker who is in good health. What type of insurance coverage is she most likely to need in the near term?”</p> <ul style="list-style-type: none"> <li>• <b>Disability insurance</b></li> <li>• Life insurance</li> <li>• Long-term care insurance</li> <li>• Don’t know</li> </ul>

<p>Comprehending risk</p>	<p>“Lottery A pays a prize of \$200 and the chance of winning is 5%. Lottery B pays a prize of \$90,000 and the chance of winning is 0.01%. Expected winnings are greater in which lottery?”</p> <ul style="list-style-type: none"> <li>• <b>Lottery A</b></li> <li>• Lottery B</li> <li>• They are equal</li> <li>• Don’t know</li> </ul>
<p>Go-to information sources</p>	<p>“Which of the following appears to be <u>inappropriate</u> investment advice for the respective individual?”</p> <ul style="list-style-type: none"> <li>• <b>A stock fund that invests in small start-up businesses to a 75-year-old retiree</b></li> <li>• A stock index fund to a 30-year-old worker saving for retirement</li> <li>• A bond fund to a 60-year-old worker for some of her retirement savings</li> <li>• Don’t know</li> </ul>