How knowledge charts a course to financial well-being

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 sixth year, the P-Fin Index examines knowledge in eight areas of personal finance, as well as the relationship between financial literacy and financial well-being.
Consistently low financial literacy

U.S. adults have correctly answered only about 1/2 of the index questions each year.*

- 2017: 49%
- 2018: 50%
- 2019: 51%
- 2020: 52%
- 2021: 50%
- 2022: 50%

Off to a slow start
Financial literacy tends to be lowest among the youngest.*

- Gen Z: 42%
- Boomers: 54%

A gap to bridge
Financial literacy tends to be lower among Black and Hispanic Americans.*

- White: 55%
- Asian: 54%
- Hispanic: 38%
- Black: 37%

Little change in functional knowledge levels*

- Borrowing: 60% to 61%
- Saving: 52% to 53%
- Consuming: 53% to 53%
- Go-to info sources: 47% to 49%
- Earning: 48% to 49%
- Investing: 47% to 46%
- Insuring: 45% to 44%
- Comprehending risk: 36% to 39%

* % of correctly answered P-Fin Index questions

Better grasp of borrowing can be useful when it comes to managing existing debt and taking on new debt.

Low understanding of risk is problematic because uncertainty is inherent in financial decision-making.
The link between financial literacy and financial well-being

Compared to individuals with very high financial literacy, those with very low financial literacy levels are

- 6x more likely to have trouble making ends meet
- 3x more likely to be debt constrained
- 3x less likely to cope with a $2,000 financial shock
- 4x more likely to spend 10+ hrs./week thinking about personal finances
- 1 in 10 with very low financial literacy is very satisfied with their financial situation
- 40% with very low financial literacy typically find it hard to make ends meet

Learn more about the value of financial knowledge

Read the full P-Fin Index report by Paul Yakoboski, TIAA Institute, and Annamaria Lusardi and Andrea Hasler of The George Washington University School of Business and Global Financial Literacy Excellence Center (GFLEC).

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