Investors get middling marks in financial literacy exam

By Brittney Grimes 4/1/2021

The **National Financial Educators Council** (NFEC) revealed the results from its annual financial literacy testing data. The study is based on responses from 7,246 people across the U.S. to test their knowledge of personal finance. See how many Americans passed the **financial literacy test** and where there is room for improvement.

Age groups

The results were broken down into six age groups:

Average passing scores

Average score of those aged 10 – 14 years old: **57.41%**
Average score of those aged 15 – 18 years old: **65.82%**
Average score of those aged 19 – 24 years old: **71.11%**
Average score of those aged 25 – 35 years old: **75.57%**
Average score of those aged 36 – 50 years old: **75.44%**
Average score of those aged 51+ years old: **76.54%**

Study assessment

This study assessed three key areas defining an individual's financial wellness:
- **learning motivation**
- **subject understanding**
- **securing one's financial future**

Majority of Americans flunk financial literacy test

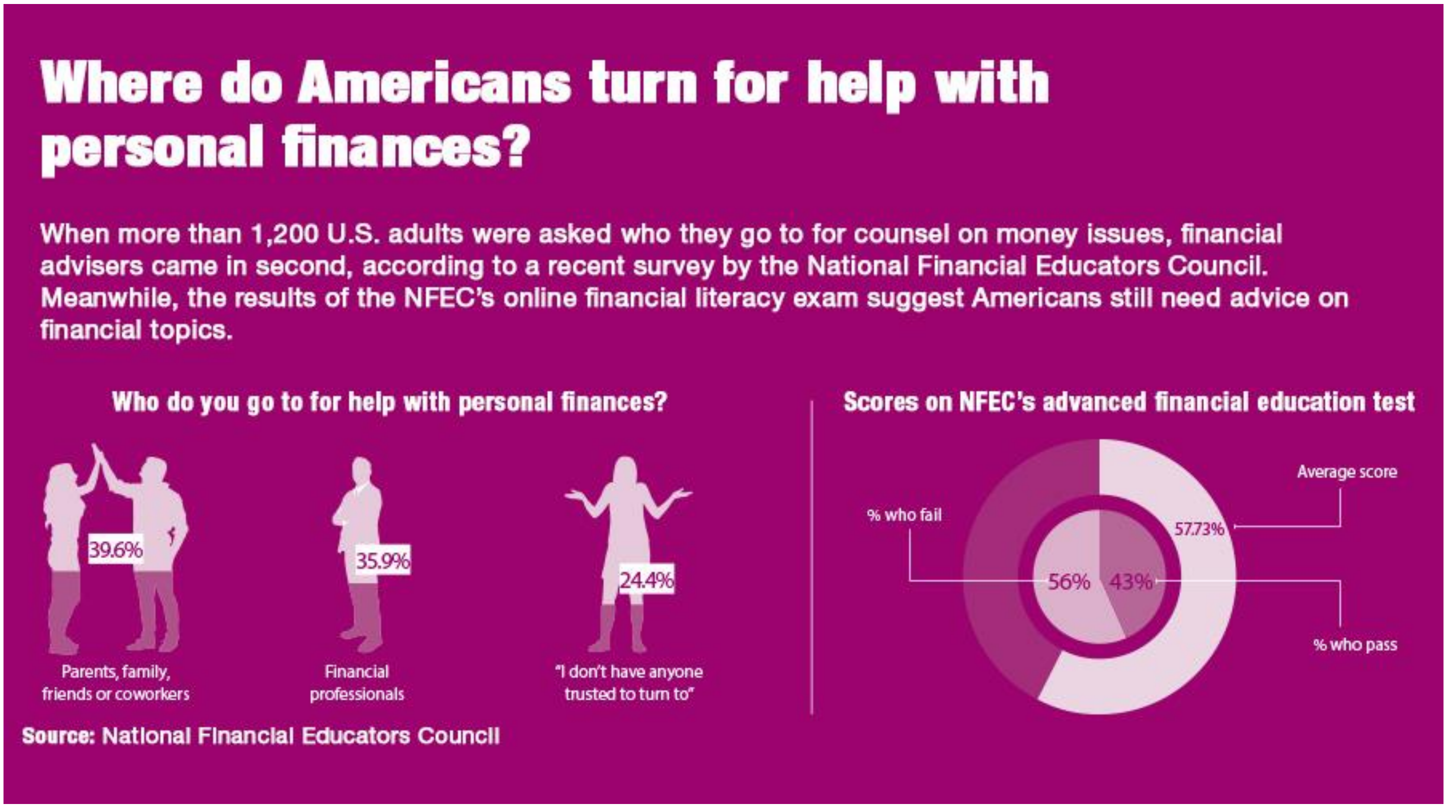
October 7, 2020

By InvestmentNews

Just 43% passed an eight-question quiz from a financial education group

More than half — 57% — of Americans who took an eight-question quiz measuring financial literacy flunked, according to the National Financial Educators Council, which created the quiz. Some 10,508 people participated in the NFEC's test, which asked questions about inflation's impact on purchasing power and bond prices, among other things.

The group also surveyed 1,251 people around the U.S., asking where they turn for financial advice. Just under 40% said they turned to parents, family, friends, or coworkers; 35.9% said financial professionals; and 24.4% said they don't have anyone trusted to turn to.



Score Your Financial Health

This eight-question quiz leverages the Financial Health Network FinHealth Score® Toolkit to look at the ways you spend, save, borrow and plan your finances. It takes just a few minutes to complete, and helps you understand your next steps to building financial resilience.

https://www.financialeducatorscouncil.org/advanced-financial-education-test/Household spending

Loan payments are based on:

APR   Interest Rate   Length of the Loan   B & C only   All

If the current inflation rate is at 3%...

Investments in securities (stock market, mutual funds) adjust to market conditions by 3%.

401k plans adjust to market conditions by 3%

My net income needs to increase by 3% to maintain my current lifestyle.

My savings need to increase by 3% to maintain my current lifestyle.

Uncertain

If you are unable to pay off the entire balance you owe in credit card debt, the best way to pay off the balance is to _____.

Pay more than the minimum monthly payments on all your credit cards.

Pay off the card with the lowest balance first.

Pay the maximum your budget allows on the card with the highest interest rate.

Pay the maximum payment on the card with the highest balance.

Uncertain

If inflation is at 2%, in what option below are you most likely to lose 2% purchasing power?

Stock market   Real estate   Cash   Commodities   Bonds   All of the above   Uncertain

What is risk-based pricing?

The cost of the deductible and premium added together.

The amount of money the insurance company pays toward your claim and the adjustment to your interest rate made by your lender.

Basing your insurance or loan pricing on the risk you pose to the company.

All of the above or Uncertain

Which of the following categories influence your FICO score?

Outstanding debt   Payment history   Types of credit used   A & B only   All or Uncertain

What four main areas do lenders review to qualify a loan applicant?

Credit, cash, education, and income.   Equity, credit history, assets, and debt-to-income ratio.   Equity, cash on hand, asset report scoring, and debt-to-income ratio   Liquidity, credit history, asset report scoring, and debt-to-income ratio   Uncertain

The biggest risk of owning long-term bonds for capital preservation is:

Falling interest rates   Rising interest rates   Falling dollar   Rising dollar   Real estate valuation   Uncertain