



NATIONAL FOUNDATION FOR
CREDIT COUNSELING

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make all the difference.*

NFCC PRESS RELEASE

For Immediate Release

April 28, 2009

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MANY AMERICANS GIVE THEMSELVES POOR GRADES RELATING TO FINANCIAL LITERACY

NFCC's Annual Financial Literacy Survey Re-affirms Need for Financial Education

Silver Spring, MD – The National Foundation for Credit Counseling (NFCC) will release the findings of their third annual Financial Literacy Survey later today at a Congressional Briefing on Capitol Hill. The Briefing will take place at 2 p.m. ET in Cannon House Office Building, Room 121.

"The results of this year's survey are startling, but not surprising," said Susan C. Keating, president and CEO of the NFCC. "We know consumers are struggling financially, and that a lack of financial knowledge is contributing to the problems. It is time that we work together to create a national movement to address the need for more financial education."

Consider these key findings from the survey:

Financial Literacy: 41 percent of U.S. adults, or more than 92 million people living in America, gave themselves a grade of C, D, or F on their knowledge of personal finance, suggesting there is considerable room for improvement. This number is highest among Gen Y adults¹ at 47 percent. In addition, 80 percent of adults agree that they would benefit from advice and answers to everyday financial questions from a professional.

Budgeting: Showing no improvement since 2007, less than half of adults (42 percent) keep close track of their spending. Nearly 16 million adults (7 percent) don't know how much they spend on food, housing, and entertainment, and do not monitor their overall spending.

Debt and Credit Cards: 26 percent, or more than 58 million adults, admit to not paying all of their bills on time. Among African-American adults², this number is at 51 percent. In the last 12 months, 15 percent of adults, or nearly 34 million people, have been late making a credit card payment and 8 percent (18 million people) have missed a payment entirely. More than 13 million adults (6 percent) report that their household carries credit card debt of \$10,000 or more from month to month, and the same number have debts in collection, are seriously considering filing for bankruptcy, or have already done so within the past three years.

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¹ U.S. adults ages 18-34 (n=134)

² Small base (n=86) – use caution when interpreting.

Housing: 42 percent of adults, or more than 94 million people, currently have a home mortgage and, of those, 28 percent say that the terms of their mortgage somehow turned out to be different than they expected, including: either payment or terms of loan were different than expected, the interest rate or its duration were different, or they had no knowledge of PMI (private mortgage insurance).

Savings: One-third of adults (32 percent), or 72 million people, report that they have no savings and only 23 percent are now saving more than they did a year ago because of the current economic climate. Nearly half (48 percent) of Gen Y adults- more than any other age group- report having no savings. Of those with no savings, more than one in four report that, if faced with an emergency, they would charge that expense to a credit card (29 percent) or take out a loan (26 percent), thus adding to their debt load.

Spending: 57 percent of adults report spending less than they were a year ago. However, 45 percent of those now spending less admit that, if their financial situation were to improve within the next year, they would resume their previous spending habits.

Credit Score: In spite of it being free, nearly two-thirds (64 percent), or 144 million people, have not ordered a copy of their credit report in the past year; this grows to nearly three-quarters (72 percent) among Hispanic American adults³. Additionally, more than one-third (37 percent) admit that they do not know their credit score.

Retirement: One-third of adults (33 percent), or more than 74 million people, do not put any part of their annual household income toward retirement. This is up from 28 percent in 2008.

"The data is compelling and speaks to the need to take action. Americans admit they lack financial know-how, and rate their financial knowledge low. Now is the time to invest in America's future with a national commitment to financial education," continued Keating.

The 2009 Financial Literacy survey was conducted by telephone within the United States by Harris Interactive on behalf of the NFCC between March 13 and March 16, 2009 among 1,000 adults ages 18+. Results were weighted for age, sex, geographic region, and race where necessary to align them with their actual proportions in the population. The full survey will be available at www.nfcc.org Tuesday afternoon.

To be automatically connected to the NFCC Member Agency in your area, call (800) 388-2227, or go online to www.DebtAdvice.org. For assistance in Spanish, dial (800) 682-9832.

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The National Foundation for Credit Counseling (NFCC), founded in 1951, is the nation's largest and longest serving national nonprofit credit counseling organization. The NFCC's mission is to promote the national agenda for financially responsible behavior and build capacity for its members to deliver the highest quality financial education and counseling services. NFCC Members annually help more than three million consumers through close to 850 community-based offices nationwide. For free and affordable confidential advice through a reputable NFCC Member, call (800) 388-2227, (en Español (800) 682-9832) or visit www.nfcc.org.

³ Small base (n=53) – use caution when interpreting.