



NFCC PRESS RELEASE

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NFCC CREATES CONSUMER FINANCIAL STRESS TEST *National Financial Literacy Survey Serves as Benchmark for Financial Stability*

Silver Spring, MD – As Americans await news of the stress test evaluation of banks, many may wonder if they'd pass a similar test if applied to their personal finances. It's a valid question, and one that should not be ignored.

To help consumers measure their own financial stability, the National Foundation for Credit Counseling (NFCC) created the following Consumer Financial Stress Test based on the findings of the NFCC's 2009 Consumer Financial Literacy Survey.

See how your finances measure up relative to the rest of Americans.

Q: On a scale of A to F, what grade would you give yourself in terms of your knowledge about personal finance?

Results: It appears that many of us would not be moving to the front of the class, as 41 percent of U.S. adults, or more than 92 million people, gave themselves a grade of C, D or F on their knowledge of personal finance.

Q: Which best describes how you manage your money?

Results: Less than half, 42 percent, keep close track of their spending, with 7 percent, or nearly 16 million, admitting they don't know how much they spend on food, housing, and entertainment, and do not monitor their overall spending.

Q: What best describes your financial situation?

Results: 26 percent, or more than 58 million adults, admit to not paying all of their bills on time, with 13 million admitting to having debts in collection, or are seriously considering filing for bankruptcy, or have done so in the last three years.

Q: In which ways did the terms of your mortgage turn out to be different than what you initially expected?

Results: 42 percent, or more than 94 million people currently have a mortgage. Of those, 28 percent say that the terms of their mortgage somehow turned out to be different, including either the payment amount or terms of the loan, the interest rate or its duration, or they had no knowledge of the required Private Mortgage Insurance.

Q: Do you have any savings excluding retirement?

Results: One-third of adults, close to 72 million people, report that they have 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 or take out a loan, thus adding to their debt load.

Q: What percentage of your household income do you save toward retirement?

Results: More than 74 million people do not put any part of their annual household income toward retirement. This number is up from 28 percent in 2008 to 33 percent in 2009.

Q: Compared to one year ago, how has the current economic climate affected your spending, and if you are spending less now, if your financial situation were to improve, would you be likely to spend more?

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

Q: Have you ordered a copy of your credit report, and do you know your credit score?

Results: In spite of it being free, nearly two-thirds, or 144 million people, have *not* ordered a copy of their credit report in the past year. Additionally, more than one-third admit that they do not know their credit score.

“Would your finances be viewed as solvent, or would you be told to raise more capital?” asks Gail Cunningham, spokesperson for the NFCC. “The survey reveals startling deficiencies related to financial stability. That’s the bad news. The good news is that tools are available for consumers to take control of their financial future, but it is up to the consumer to reach out for that help.”

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.

If you need help raising your grade on the Consumer Financial Stress Test, reach out to an NFCC Member Agency. To reach the agency closest to you, dial (800) 388-2227, or go online to www.DebtAdvice.org. For help in Spanish, call (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.