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# PERSONAL FINANCIAL CONDITION: A STATE BY STATE COMPARISON

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## ABSTRACT

The purpose of this study is to compare the financial health of households across states in the U.S. Using data from the 2015 National Financial Capability Study (NFCS) commissioned by the Financial Industry Regulatory Authority (FINRA) Education Foundation, the authors examine several variables relating to financial health and literacy. The results indicate that states scoring significantly higher than the national average on financial health and literacy factors tend to have higher median income, on average. However, states with lower median income levels do not necessarily have significantly lower scores on these financial condition variables. Additional findings indicate that individuals in the best financial health tend to be older, better educated, male, white, married, and less risk tolerant. **JEL Classification:** G2, G4

## INTRODUCTION

If history has shown us anything about financial education, it is that there is still an overall lack of public knowledge when it comes to financial literacy. Further complicating this issue, is the increasing number and complexity of investment choices, market volatility, and investment/financial scandals. As a result, many individuals do not believe they have the skill set to adequately manage their finances and investments, and may lack the funds to hire a financial planner.

Household financial condition has the potential to affect policy at both the national and local levels with opportunities for financial education. Unfortunately, since first being introduced in the early 20<sup>th</sup> century, education in the field of personal finance has continued to take a back seat to other mainstream topics. In addition, many households outspend their income and have accumulated debt, making it more difficult to plan for adequate retirement. As employers have moved from offering traditional pension plans to 401(k) plans, many have provided educational opportunities regarding basic investment practices since 401(k) plan investment choices are typically the employee's responsibility. Although, these educational opportunities have no doubt helped, there is still a long way to go to increase overall financial literacy in the U.S.

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In this paper, various financial health and literacy factors are analyzed for each state in the U.S. and are then compared to U.S. median income data. In addition, the authors look specifically at factors such as financial health and literacy, retirement savings and debt, and analyze the affect that income, age, education and gender have on these indicators of financial condition. Compared to past studies on financial condition, our more recent data set may provide a better picture of the current state of personal financial condition across households in the U.S. In addition, this paper adds to the body of literature by providing a comprehensive state by state comparison of household financial condition and literacy, as well as a comprehensive analysis of the demographic variables affecting the same.

The remainder of the paper is organized as follows. Section 2 provides a brief literature review. Section 3 discusses data and methodological issues while section 4 presents the results and findings. Section 5 concludes the paper and discusses policy implications.

## **LITERATURE REVIEW**

The existing literature regarding financial condition varies greatly in terms of the variables being analyzed. One topic, however, is consistently discussed. That is, the necessity for well-developed financial knowledge among individuals. Specifically, Scott (2010) prescribes improvements in financial education as a solution to the general lack of financial knowledge. He assumes this increase in education will improve financial decisions. A number of papers investigate the relationship between financial behavior and financial knowledge (e.g. Robb & Woodyard, 2011; Hilgert & Hogarth, 2003). Robb & Woodyard (2011) find that although financial knowledge has a significant impact on financial behavior, other factors play a more significant role. Specifically, income is the most dominant factor in their analysis. In addition, the authors report that consumers who exhibit financial satisfaction and financial confidence typically exhibit more favorable financial behaviors.

Hilgert and Hogarth (2003) look at various patterns of household financial practices in order to examine the connection between financial knowledge and behavior. This includes but is not limited to: cash-flow management, credit management, saving and investment. The authors find that households with more knowledge have higher survey index scores, which could indicate that increasing financial knowledge may improve financial practices. They note that a holistic approach to financial education may be most effective when it includes information, skill-building, experience and motivation.

In a paper by Smith, McArdle & Willis (2010), the authors conjecture that cognition and numeracy can predict family-level wealth accumulation. Their survey results indicate that numeracy is the most predictive variable of wealth; especially pertaining to the lead financial decision maker in the household. Their research finds that cognitive abilities of the primary decision maker in the household plays an important role in the health of the household, with larger effects emerging for husbands, compared to wives. When examining the stratified data by gender, the findings indicate little variability in cognitive scores for women, who are financial respondents, compared to those who are not. Men, on the other hand, have much greater variability when this role is considered. This is attributed, in part, to men

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typically taking on the role of decision maker by default unless they are not financially literate enough to do so.

Exactly what role do women play in household health and financial literacy? Lusardi & Mitchell (2008), take on this question and attempt to answer it by analyzing retirement planning and financial literacy of women, using a 2004 Health and Retirement Study. The survey results indicate that although women typically live longer, they have lower lifetime earnings compared to their male counterparts. The results also indicate that most women in the U.S. who were approaching retirement at the time of the survey had low levels of financial literacy and most had not developed a financial strategy for retirement. In addition, women with higher literacy scores were more likely to develop a successful retirement plan. The authors recommend that consumers seek to gain financial literacy in order to improve successful retirement planning.

## **METHODOLOGY**

Using data from the 2015 National Financial Capability Study (NFCS), the authors examine the significance of several factors relating to financial health and literacy for each state in the U.S. These factors include financial condition, financial stress, risk management, financial literacy, household financial situation, financial education, and savings for retirement. The NFCS is funded by the Financial Industry Regulatory Authority (FINRA) Investor Education Foundation and conducted by Applied Research & Consulting. The sample consists of 2,000 adults who completed the 2015 State-by-State Survey. The authors also used 2015 median income data from the U.S. Census Bureau to compare median household income and financial condition.

### **Measures**

*Financial Condition:* Survey respondents provided scores on a 1 to 10 scale (1 = Not at All Satisfied to 10=Extremely Satisfied) to the question “Overall, thinking of your assets, debts, and savings, how satisfied are you with your current personal financial condition?”

*Financial Stress:* Survey respondents provide scores on a 1 to 3 scale with the larger number indicating less stressful to the question “In a typical month, how difficult is it for you to cover your expenses and pay all your bills?”

*Risk Management:* Respondents were asked to answer “Yes” (value of 1) or “No” (value of 2) to two questions, “Have you set aside emergency or rainy-day funds that would cover your expenses for 3 months, in case of sickness, job loss, economic downturn, or other emergencies?” “Have you ever tried to figure out how much you need to save for retirement?” The average of the scores for the two questions was used in the data analysis. Potential values ranged from 1 to 2, with the larger value indicating worse risk management.

*Retirement Savings:* Two questions related to retirement savings were identified: “Do you [or your spouse/partner] have any retirement plans through a current or previous

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employer, like a pension plan, [a Thrift Savings Plan (TSP),] or a 401(k)?" and "Do you [or your spouse/partner] have any other retirement accounts NOT through an employer, such as an IRA, Keogh, SEP, myRA, or any other type of retirement account that you have set up yourself?" The data were recoded as 1 for "Yes" and 0 for "No", then the average was calculated as the measure of the percentage of respondents who have any kind of retirement plan or retirement account.

*Financial Situation:* A 7-point Likert-type scale (1=Strongly Disagree to 7= Strongly Agree) was applied to two questions: "How strongly do you agree or disagree with the following statement? - I have too much debt right now" and "How strongly do you agree or disagree with the following statements? - I am good at dealing with day-to-day financial matters, such as checking accounts, credit and debit cards, and tracking expenses." For the first question, a lower value indicates a better financial situation. We reversed the data so that for both questions, the higher value indicates a better financial situation, then the average was calculated for data analysis.

*Financial Education:* Two questions were used: "How would you assess your overall financial knowledge?" and "How strongly do you agree or disagree with the following statements? - I am pretty good at math". The first question is on a scale from 1 (very low) to 7 (very high), and the second question is a 7-point Likert-type scale with 1 indicating "Strongly Disagree" to 7 indicating "Strongly Agree." The average of the two answers was then calculated. Respondents with larger values are better educated in terms of financial knowledge.

*Financial Literacy:* There are two relevant questions to measure this variable: "Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?" and "Suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?" The average of the two answers was then calculated as a measure of financial literacy. Potential values ranged from 1 to 3 with the higher value indicating higher literacy.

*States:* All 50 states, plus the District of Columbia, are included in this study.

*Age groups:* The sample was divided into 6 age groups (Group 1= ages 18-24, Group 2= ages 25-34, Group 3= ages 35-44, Group 4= ages 45-54, Group 5= ages 55-64, Group 6= ages 65+).

*Education groups:* Seven education levels were used (Did not Complete High school, High School Graduate - regular high school diploma, High School Graduate - GED or alternative credential, Some College no Degree, Associate's Degree, Bachelor's Degree, Post Graduate Degree).

*Marital status groups:* Five groups were used (Married, Single, Separated, Divorced, Widowed/Widower).

*Racial groups:* The survey used two ethnicity groups: White and Non-White.

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*Gender groups: Male or Female.*

### **Hypotheses**

H1 – Regarding the comparison of state by state variables to the U.S. Census data, a positive correlation is expected between median income levels and five of the seven measures from the NFCS data (financial condition, retirement savings, financial situation, financial education and financial literacy). A negative correlation is expected between median income levels and two of the NFCS measures (financial stress and risk management).

H2 – Regarding the demographic variables, a positive correlation is expected with respect to the same five financial variables mentioned in H1, and age, education, being white, male, and married. Conversely, a negative correlation is expected regarding financial stress and risk management.

### **Data Analysis**

The statistical technique of the t-test was used to compare group means or compare the group mean to the national mean. The national average of each household finance variable was calculated by taking the average of all the respondents' answers to the questions related to the variable. Before conducting the t-tests, data with the response of ("Don't know") or ("Prefer not to say") was deleted.

To address the issue of equality of variance in standard deviation and unequal sample sizes for the t-test, both Pooled and Satterthwaite methods of the t-test were applied. The results are the same using the two methods. Wilcoxon rank-sum test was conducted in some cases where the data were clearly not normal. Results are consistent with that of the t-test. When comparing the state and national averages, we also excluded the state data from the national data to meet the independence requirement for the t-test. The results, however, were the same as when the state data were included.

## **RESULTS**

### **Results by State**

Table 1 in the Appendix illustrates the significant findings regarding financial condition. For this variable, households were asked whether they are satisfied with their current personal financial condition. A larger number indicates that households are more satisfied with their financial condition and the maximum value is 10. The findings indicate a mean value of 5.7732. States with statistically significant lower/higher values than the national average are illustrated in Table 1. The state with the lowest score is Louisiana, at 5.2556, followed by Montana at 5.4323 and Maine at 5.4744. Conversely, California has the highest score, at 6.4098, followed by North Dakota at 6.0446 and Hawaii at 6.0223.

Regarding financial stress, households were asked to rate the difficulty they have in covering monthly expenses. For this variable, a larger number indicates less stress

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and the maximum value is 3. The mean value is 2.3976. As illustrated in Table 2 of the Appendix, Louisiana households have the greatest financial stress, with a value of 2.2988, followed by Florida at 2.2969 and North Carolina at 2.3368. States with least amount of financial stress are North Dakota at 2.5355, Wyoming at 2.5222, and Hawaii at 2.5205.

Risk management is measured by the availability of emergency funds as well as estimating retirement savings. The mean value for this variable is 1.5562. A larger number indicates poor risk management, with a maximum value of 2. The findings, illustrated in Table 3 of the Appendix, indicate that households in Hawaii, the District of Columbia, and North Dakota are best at risk management, with scores of 1.4694, 1.4745 and 1.4973 respectively. Conversely, West Virginia, Oklahoma, and North Carolina are the worst at risk management with respective scores of 1.6443, 1.6306 and 1.6003.

Two questions were combined to measure financial literacy: 1) Suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow? and, 2) Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account? The mean value is 2.7455. A higher number indicates better financial literacy and the maximum value is 3. As illustrated in Table 4 of the Appendix, households in Montana have the highest average score at 2.8493, followed by North Dakota at 2.8425 and Hawaii at 2.8345. Georgia has the lowest score at 2.6350, followed by Florida at 2.6540 and California at 2.6572.

A household's financial situation is measured by combining two of the survey questions which asks respondents to agree or disagree with these statements: 1) I have too much debt right now, and 2) I am good at dealing with day-to-day financial matters, such as checking accounts, credit and debit cards, and tracking expenses. The combined mean score is 5.0304. A higher number indicates a better financial situation, with a maximum value of 7. As illustrated in Table 5, the results indicate that households in North Dakota, Hawaii and Minnesota are in the best financial situation, with scores of 5.2681, 5.1829 and 5.1737 respectively. States in the worst financial condition are Georgia, Oklahoma and Indiana, with respective scores of 4.8618, 4.8676 and 4.8796.

Regarding financial education, two questions were combined that asked participants to rate their math abilities and assess their overall financial knowledge. The combined mean score is 5.4835 and a higher number indicates more household financial education. As illustrated in Table 6, only three states were significantly lower than the mean regarding financial education: Washington at 5.3657, Indiana at 5.3848, and Hawaii at 5.3875. Only four states had significantly higher levels of financial education: Wyoming at 5.5882, Montana at 5.5990, Alabama at 5.6027, and Delaware at 5.6186.

The final variable, savings for retirement, also combines two questions: 1) Do you [or your spouse/partner] have any retirement plans through a current or previous employer, like a pension plan, [a Thrift Savings Plan (TSP),] or a 401(k)? and, 2) Do you [or your spouse/partner] have any other retirement accounts NOT through an employer, like an IRA, Keogh, SEP, myRA, or any other type of retirement account that you have set up yourself? The responses were recoded as 1 for "yes" and 0 for "no" regarding whether or not the respondent has a retirement plan or retirement account. Therefore, the maximum value is 1 and the minimum value is 0. In addition, responses

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of “don’t know” or “prefer not to say” regarding a retirement plan or retirement account were excluded. The combined mean is 0.4763. As illustrated in Table 7, several states are significantly below the national average regarding retirement savings. Specifically, 19 states or 38 percent of U.S. states fall significantly below the mean regarding retirement savings. The states with the lowest scores are Texas at 0.3890, Kentucky at 0.3903, and Florida at 0.3911. On a positive note, 11 states or 22 percent of states in the U.S. are significantly above the national average regarding retirement savings. The states with the highest numbers are Hawaii at 0.6405, North Dakota at 0.5953, and Vermont at 0.5847.

### **Analysis of State by State Results**

Of the seven variables analyzed, respondents from Hawaii appear to have the best overall financial health. Specifically, Hawaii is significantly above the national average in all of the variables except financial education. What is interesting is that the only variable in which they falter is financial education, where they score significantly lower than the national average. This does seem to be a bit counterintuitive. How can respondents from Hawaii score so well on financial condition in general, yet have a significantly lower than average score on financial education? This could be an anomaly. However, there is not always a direct correlation between financial education and financial health or success. Indeed, research on behavioral finance has shown that there is not necessarily a direct correlation between financial knowledge and success. In fact, having more knowledge can actually lead to what is called “the illusion of knowledge” in which people become overconfident and take undue risks with their money. The point is that it is certainly plausible that an individual could have a very healthy financial condition, yet admittedly have a subpar financial education. For example, one could rely on financial planners to make investment decisions for them.

Similar to Hawaii, North Dakota is significantly above the national average in all areas of financial condition except financial education. In contrast to Hawaii, however, North Dakota is above the national average regarding financial education, although the difference above the mean score is not statistically significant.

The results regarding states with the poorest financial condition are more diverse. Specifically, Florida residents scored significantly below the national average in three areas: financial stress, financial literacy, and retirement savings. Louisiana, North Carolina, Oklahoma, and Indiana residents each scored significantly below the national average in two of the seven areas. Finally, it is interesting to note that Texas and Kentucky residents are significantly below the national average regarding retirement savings, yet the results are not significant for any of the other variables. In addition, Vermont respondents are significantly above the mean regarding retirement savings, yet the results are not significant for all other variables.

### **Comparison of State Results to U.S. Census Bureau Data**

Using U.S. Census data from 2015, (illustrated in Table 8), the authors analyzed household income data to compare to the findings from this study. As expected, there does appear to be a positive correlation between median household income and financial condition. Specifically, Hawaii and North Dakota, the two states with the most significant and positive financial condition factors, have relatively high median

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household income. In fact, Hawaii's 2015 median income was \$74,451. They had the third highest median income, ranked behind Maryland at \$76,596 and the District of Columbia at \$75,991. North Dakota's median income, albeit somewhat lower at \$60,944, is still well above the U.S. median, which is \$56,277. In addition, the states mentioned in the previous section that were significantly below the mean in more than one financial condition variable (Florida, Louisiana, North Carolina, Oklahoma, and Indiana) all had relatively low median incomes. Specifically, Florida's 2015 median income was \$49,852, Louisiana's was \$46,106, North Carolina's was \$48,420, Oklahoma's was \$49,062, and Indiana's was \$50,896.

Interestingly, while states that scored significantly higher/lower on the financial condition variables do indeed have median incomes above/below the U.S. median, the inverse is not the case. Specifically, even though Maryland had the highest median income in 2015, they are not significantly above the mean in any of the financial condition variables. In addition, there are states well below the 2015 U.S. median such as Arkansas (\$42,530) and Tennessee (\$47,818), that are not significantly below the mean on any of the financial condition variables. Therefore, while it appears that states with the best financial condition tend to have higher median household income and vice versa, having high or low median household income does not necessarily correlate with the authors' financial condition variables.

### **Analysis of Demographic Variables**

The authors also analyzed financial health and literacy factors over various demographic variables: age, education, race, gender, and marital status. The results are illustrated in tables 9 – 13 of the Appendix. Regarding age (Table 9), the authors find that financial condition improves with age. Specifically, respondents age 65 and older are significantly more satisfied with their financial condition, compared to the national average. Conversely, respondents in all other age groups (except ages 25-34 which was not statistically significant) are significantly less satisfied with their financial condition, compared to the national average. In addition, older respondents (ages 55 and older) have less financial stress, compared to younger respondents. Regarding risk management, the two older cohorts have worse risk management compared to the two youngest cohorts. Results for the middle cohorts regarding risk management are not significant. Financial literacy and financial situation were split between the younger and older respondents, with older respondents being more financial literate and in a better financial situation. Regarding retirement savings, respondents age 35 and older are significantly more likely to have a retirement plan or retirement savings compared to the 34 and under age groups.

The findings regarding education (Table 10) are consistent in that more educated respondents have better financial health. Specifically, the findings indicate that respondents with a bachelor's degree or a post graduate degree have a statistically significant better financial condition, compared to the national average, for all of the financial condition variables. The authors find a similar trend regarding race (Table 11) and gender (Table 12) in that whites and males have an overall better financial condition compared to nonwhites and females.

The results by marital status (Table 13) indicate that married respondents scored significantly higher than the national average regarding financial condition, saving for retirement, financial education, and having less financial stress. Regarding the financial

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situation variable, both married and widowed respondents scored significantly higher than the national average. Finally, married, widowed, and divorced respondents were significantly higher than the national average regarding financial literacy.

## **CONCLUSION AND IMPLICATIONS**

The objective of this paper is to examine the health of U.S. households on a state by state basis using several variables relating to financial health and literacy. The results are then compared to U.S. median income data for each state. Financial health and literacy variables are also analyzed over several demographic variables.

The main findings indicate that, in general, there is indeed a positive correlation between financial condition and median household income. However, the inverse is not the case. Specifically, states with high/low median income is not necessarily indicative of high/low scores on the financial condition variables. In other words, strong scores on the financial condition variables appear to be a reliable predictor of higher income levels. Conversely, income levels do not appear to be a predictor of the financial condition variables. Finally, the analysis of demographic variables indicates that individuals scoring highest on the financial condition variables are older, better educated, married, male, and white.

The findings of this paper have implications for policy makers from the national level down to local levels. Policies in “at risk” states could be implemented to improve the public’s basic understanding of budgeting, saving, investing, and risk management. Specifically, programs to incentivize employers to offer educational seminars could be developed. These incentives could be in the form of tax breaks. Additionally, tax credits for individuals at all income levels for financial literacy education as well as increasing savings rates would incentivize individuals to take charge of their finances. These suggested policies would likely result in long term improvement in U.S. household financial health.

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**TABLE 1**  
**FINANCIAL CONDITION**

State average significantly lower than the national average			
	Mean	Difference (state average - national average)	P value
Kansas	5.5466	-0.2266	0.0693
Louisiana	5.2556	-0.5176	<0.0001
Maine	5.4744	-0.2988	0.0172
Mississippi	5.5212	-0.252	0.0433
Montana	5.4323	-0.3409	0.0062
Oklahoma	5.4857	-0.2875	0.0218
Rhode Island	5.5071	-0.2661	0.0335
Tennessee	5.5375	-0.2357	0.0592
West Virginia	5.5091	-0.2641	0.0341
State average significantly higher than the national average			
	Mean	Difference (state average - national average)	P value
California	6.4098	0.6366	<0.0001
District of Columbia	6.0203	0.2471	0.0479
Hawaii	6.0223	0.2491	0.0457
New York	5.999	0.2258	0.0115
North Dakota	6.0446	0.2714	0.0296
Texas	5.9477	0.1745	0.0554

Note: Larger number means more satisfied. Maximum value: 10. National Average: 5.7732

**TABLE 2**  
**FINANCIAL STRESS**

State average significantly lower than the national average			
	Mean	Difference (state average - national average)	P value
Alabama	2.3441	-0.0535	0.0803
Florida	2.2969	-0.1007	0.0011
Georgia	2.3245	-0.0731	0.0174
Louisiana	2.2988	-0.0988	0.0013
Mississippi	2.3259	-0.0717	0.0195
North Carolina	2.3099	-0.0877	0.004
Oklahoma	2.3368	-0.0608	0.0491
Tennessee	2.326	-0.0716	0.0188
State average significantly higher than the national average			
	Mean	Difference (state average - national average)	P value
Alaska	2.5	0.1024	0.0008
Hawaii	2.5205	0.1229	<.0001
Iowa	2.4665	0.0689	0.0241
Minnesota	2.5	0.1024	0.0008
Nebraska	2.494	0.0964	0.0016
Nevada	2.4628	0.0652	0.0324
New Hampshire	2.4567	0.0591	0.0522
North Dakota	2.5355	0.1379	<.0001
Utah	2.4777	0.0801	0.0087
Wyoming	2.5222	0.1246	<.0001

Note: Larger number means less stress. Maximum value: 3. National Average: 2.3976

**TABLE 3**  
**RISK MANAGEMENT**

State average significantly lower than the national average			
	Mean	Difference (state average - national average)	P value
Alaska	1.51	-0.0462	0.0223
California	1.5106	-0.0456	0.0022
District of Columbia	1.4745	-0.0817	<.0001
Hawaii	1.4694	-0.0868	<.0001
Minnesota	1.5014	-0.0548	0.0094
New Hampshire	1.5209	-0.0353	0.0875
North Dakota	1.4973	-0.0589	0.0051
State average significantly higher than the national average			
	Mean	Difference (state average - national average)	P value
Mississippi	1.5963	0.0401	0.0557
Missouri	1.5914	0.0352	0.0983
New Mexico	1.597	0.0408	0.0535
North Carolina	1.6003	0.0441	0.0378
Oklahoma	1.6306	0.0744	0.0005
Tennessee	1.5949	0.0387	0.0666
Texas	1.5819	0.0257	0.0861
West Virginia	1.6443	0.0881	<.0001

Note: Larger number means worse risk management. Maximum value: 2. National Average: 1.5562

**TABLE 4**  
**FINANCIAL LITERACY**

State average significantly lower than the national average			
	Mean	Difference (state average - national average)	P value
Alabama	2.6982	-0.0473	0.0369
California	2.6572	-0.0883	<.0001
Florida	2.654	-0.0915	<.0001
Georgia	2.635	-0.1105	<.0001
Kentucky	2.7077	-0.0378	0.0918
Louisiana	2.7034	-0.0421	0.0637
Nevada	2.6965	-0.049	0.0267
New York	2.6842	-0.0613	0.0002
Texas	2.6833	-0.0622	0.0002
Virginia	2.693	-0.0525	0.0179
State average significantly higher than the national average			
	Mean	Difference (state average - national average)	P value
Delaware	2.7862	0.0407	0.0636
Hawaii	2.8345	0.089	<.0001
Idaho	2.814	0.0685	0.0018
Iowa	2.806	0.0605	0.0051
Maine	2.8022	0.0567	0.0098
Minnesota	2.7905	0.045	0.045
Montana	2.8493	0.1038	<.0001
Nebraska	2.7995	0.054	0.0148
North Dakota	2.8425	0.097	<.0001
South Dakota	2.8002	0.0547	0.0125
Vermont	2.8269	0.0814	0.0002
West Virginia	2.7865	0.041	0.0724
Wisconsin	2.8102	0.0647	0.0034
Wyoming	2.7962	0.0507	0.0187

Note: Larger number means more financial literacy. M6 answers are recoded (reversed). Maximum value: 3. National Average: 2.7455

**TABLE 5**  
**FINANCIAL SITUATION**

State average significantly lower than the national average			
	Mean	Difference (state average - national average)	P value
Georgia	4.8618	-0.1686	0.01
Indiana	4.8796	-0.1508	0.0222
Louisiana	4.9002	-0.1302	0.047
Missouri	4.8844	-0.146	0.0257
Oklahoma	4.8676	-0.1628	0.0131
Rhode Island	4.8857	-0.1447	0.0277
State average significantly higher than the national average			
	Mean	Difference (state average - national average)	P value
Hawaii	5.1829	0.1525	0.0199
Minnesota	5.1737	0.1433	0.0282
Nevada	5.1576	0.1272	0.0515
New Jersey	5.1439	0.1135	0.0818
North Dakota	5.2681	0.2377	0.0003

Note: larger number means better financial situation. G23 answers have been recoded (reversed). Maximum value: 7. National Average: 5.0304

**TABLE 6**  
**FINANCIAL EDUCATION**

State average significantly lower than the national average			
	Mean	Difference (state average - national average)	P value
Hawaii	5.3875	-0.096	0.0669
Indiana	5.3848	-0.0987	0.0602
Washington	5.3657	-0.1178	0.0253
State average significantly higher than the national average			
	Mean	Difference (state average - national average)	P value
Alabama	5.6027	0.1192	0.0229
Delaware	5.6186	0.1351	0.0098
Montana	5.599	0.1155	0.0264
Wyoming	5.5882	0.1047	0.0445

Note: larger number means more finance education. Maximum value: 7. National Average: 5.4835.

**TABLE 7**  
**SAVINGS FOR RETIREMENT**

State average significantly lower than the national average			
	Mean	Difference (state average - national average)	P value
Alabama	0.4211	-0.0552	0.0026
Arkansas	0.4054	-0.0709	<0.0001
Florida	0.3911	-0.0852	<0.0001
Georgia	0.4133	-0.063	0.0008
Indiana	0.4356	-0.0407	0.0281
Kentucky	0.3903	-0.086	0.0183
Louisiana	0.4104	-0.0659	0.0004
Mississippi	0.4386	-0.0377	0.0422
Missouri	0.4214	-0.0549	0.0033
Nevada	0.435	-0.0413	0.0252
North Carolina	0.4019	-0.0744	<0.0001
Ohio	0.4401	-0.0362	0.0525
Oklahoma	0.4216	-0.0547	0.0033
Oregon	0.4276	-0.0487	0.0089
South Carolina	0.4456	-0.0307	0.0966
Tennessee	0.4244	-0.0519	0.0046
Texas	0.389	-0.0873	<0.0001
Washington	0.4387	-0.0376	0.0427
West Virginia	0.4193	-0.057	0.002
State average significantly higher than the national average			
	Mean	Difference (state average - national average)	P value
Alaska	0.5761	0.0998	<0.0001
Delaware	0.5757	0.0994	<0.0001
District of Columbia	0.5483	0.072	<0.0001
Hawaii	0.6405	0.1642	<0.0001
Maryland	0.5086	0.0323	0.0815
Montana	0.5275	0.0512	0.0054
New Hampshire	0.538	0.0617	0.0008

North Dakota	0.5953	0.119	<0.0001
South Dakota	0.5617	0.0854	<0.0001
Vermont	0.5847	0.1084	<0.0001
Wyoming	0.5563	0.08	<0.0001

Note: Answers are recoded to be 1 for Yes and 0 for No. The value now reflects the percent of respondents who have a retirement plan or retirement account, excluding those who chose “don’t know” or “prefer not to say”. National Average: 0.4763

**TABLE 8**  
**2015 MEDIAN HOUSEHOLD INCOME BY STATE (DOLLARS)**

	Estimate	Margin of error (±)
<b>United States</b>	<b>56,277</b>	<b>93</b>
Alabama	45,182	723
Alaska	74,165	1,968
Arizona	52,062	504
Arkansas	42,530	631
California	65,087	326
Colorado	64,598	749
Connecticut	72,121	989
Delaware	61,882	1,453
District of Columbia	75,991	1,705
Florida	49,852	296
Georgia	51,753	436
Hawaii	74,451	1,787
Idaho	48,728	951
Illinois	60,094	345
Indiana	50,896	446
Iowa	55,172	719
Kansas	54,520	719
Kentucky	45,541	508
Louisiana	46,106	755
Maine	52,111	1,000
Maryland	76,596	612
Massachusetts	71,146	738
Michigan	51,584	267
Minnesota	64,188	557

Mississippi	40,910	620
Missouri	50,642	472
Montana	49,924	1,218
Nebraska	55,474	886
Nevada	53,320	1,004
New Hampshire	70,813	1,395
New Jersey	73,242	869
New Mexico	45,710	941
New York	61,311	349
North Carolina	48,420	477
North Dakota	60,944	1,682
Ohio	51,610	284
Oklahoma	49,062	483
Oregon	54,748	740
Pennsylvania	56,207	408
Rhode Island	58,826	1,924
South Carolina	47,790	582
South Dakota	53,746	970
Tennessee	47,818	526
Texas	56,139	362
Utah	63,794	1,128
Vermont	57,565	1,454
Virginia	66,916	631
Washington	64,764	641
West Virginia	42,620	847
Wisconsin	56,115	470
Wyoming	60,570	1,772
Puerto Rico	18,810	325

Source: U. S. Census Bureau, 2015 and 2016 American Community Surveys, 2015 and 2016 Puerto Rico Community Surveys.

Note: \* Statistically different from zero at the 90 percent confidence level.

**TABLE 9  
RESULTS BY AGE**

<b>9 (a) financial condition</b>			
Age group average significantly lower than the national average			
	Mean	Difference (Age group average - national average)	P value
18-24	5.3423	-0.4309	<.0001
35-44	5.5379	-0.2353	<.0001
45-54	5.3417	-0.4315	<.0001
55-64	5.7131	-0.0601	0.1653
Age group average significantly higher than the national average			
	Mean	Difference (Age group average - national average)	P value
65+	6.6921	0.9189	<.0001
Note: larger number means more satisfied. Maximum value: 10. National average: 5.7732.			
<b>9 (b) financial stress</b>			
Age group average significantly lower than the national average			
	Mean	Difference (Age group average - national average)	P value
18-24	2.2415	-0.1561	<.0001
25-34	2.3176	-0.08	<.0001
35-44	2.3396	-0.058	<.0001
45-54	2.3457	-0.0519	<.0001
Age group average significantly higher than the national average			
	Mean	Difference (Age group average - national average)	P value
55-64	2.4403	0.0427	<.0001
65+	2.6289	0.2313	<.0001
Note: larger number means less stress. Maximum value: 3. National average: 2.3976.			
<b>9 (c) risk management</b>			
Age group average significantly higher than the national average			

	Mean	Difference (Age group average - national average)	P value
18-24	1.6862	0.13	<.0001
25-34	1.5718	0.0156	0.0161
Age group average significantly lower than the national average			
	Mean	Difference (Age group average - national average)	P value
55-64	1.4917	-0.0645	<.0001
65+	1.3497	-0.2065	<.0001
Note: larger number means worse risk management. Maximum value: 2. National average: 1.5562.			
<b>9 (d) financial situation</b>			
Age group average significantly lower than the national average			
	Mean	Difference (Age group average - national average)	P value
18-24	4.798	-0.2324	<.0001
25-34	4.6364	-0.394	<.0001
35-44	4.6691	-0.3613	<.0001
45-54	4.8685	-0.1619	<.0001
Age group average significantly higher than the national average			
	Mean	Difference (Age group average - national average)	P value
55-64	5.305	0.2746	<.0001
65+	5.7765	0.7461	<.0001
Note: larger number means better financial situation. Maximum value: 7. National average: 5.0304.			
<b>9 (e) finance education</b>			
Age group average significantly lower than the national average			
	Mean	Difference (Age group average - national average)	P value
18-24	5.1433	-0.3402	<.0001
25-34	5.362	-0.1215	<.0001
45-54	5.4398	-0.0437	0.015
Age group average significantly higher than the national average			

	Mean	Difference (Age group average - national average)	P value
55-64	5.5854	0.1019	<.0001
65+	5.772	0.2885	<.0001
Note: larger number means more finance education. Maximum value: 7. National average: 5.4835.			
<b>9 (f) financial literacy</b>			
Age group average significantly lower than the national average			
	Mean	Difference (Age group average - national average)	P value
18-24	2.5329	-0.2126	<.0001
25-34	2.588	-0.1575	<.0001
35-44	2.7062	-0.0393	<.0001
Age group average significantly higher than the national average			
	Mean	Difference (Age group average - national average)	P value
45-54	2.7959	0.0504	<.0001
55-64	2.8379	0.0924	<.0001
65+	2.8678	0.1223	<.0001
Note: larger number means more financial literacy. Maximum value: 3. National average: 2.7455.			
<b>9 (g) savings for retirement</b>			
Age group average significantly lower than the national average			
	Mean	Difference (Age group average - national average)	P value
18-24	0.1859	-0.2904	<.0001
25-34	0.4318	-0.0445	<.0001
Age group average significantly higher than the national average			
	Mean	Difference (Age group average - national average)	P value
35-44	0.4988	0.0225	0.0006
45-54	0.502	0.0257	<.0001
55-64	0.5315	0.0552	<.0001
65+	0.5713	0.095	<.0001

Note: Answers are recoded to be 1 for Yes and 0 for No. The value now reflects the percent of respondents who have a retirement plan or retirement account, excluding those who chose “don’t know” or “prefer not to say”. National average: 0.4763.

**TABLE 10  
RESULTS BY EDUCATION**

<b>10 (a) financial condition</b>			
Education group average significantly lower than the national average			
	Mean	Difference (Education group average - national average)	P value
1 Did not complete high school	4.7673	-1.0059	<.0001
2 High school graduate - regular high school diploma	5.3879	-0.3853	<.0001
3 High school graduate - GED or alternative credential	5.2797	-0.4935	<.0001
4 Some college, no degree	5.3838	-0.3894	<.0001
Education group average significantly higher than the national average			
	Mean	Difference (Education group average - national average)	P value
6 Bachelor’s degree	6.1971	0.4239	<.0001
7 Post graduate degree	6.7197	0.9465	<.0001
Note: larger number means more satisfied. Maximum value: 10. National average: 5.7732.			
<b>10 (b) financial stress</b>			
Education group average significantly lower than the national average			
	Mean	Difference (Education group average - national average)	P value
1 Did not complete high school	2.054	-0.3436	<.0001
2 High school graduate - regular high school diploma	2.3016	-0.096	<.0001
3 High school graduate - GED or alternative credential	2.1916	-0.206	<.0001

4 Some college, no degree	2.3474	-0.0502	<.0001
Education group average significantly higher than the national average			
	Mean	Difference (Education group average - national average)	P value
6 Bachelor's degree	2.4947	0.0971	<.0001
7 Post graduate degree	2.6064	0.2088	<.0001
Note: larger number means less stress. Maximum value: 3. National average: 2.3976.			
<b>10 (c) risk management</b>			
Education group average significantly higher than the national average			
	Mean	Difference (Education group average - national average)	P value
1 Did not complete high school	1.8012	0.245	<.0001
2 High school graduate - regular high school diploma	1.6768	0.1206	<.0001
3 High school graduate - GED or alternative credential	1.7248	0.1686	<.0001
4 Some college, no degree	1.6203	0.0641	<.0001
Education group average significantly lower than the national average			
	Mean	Difference (Education group average - national average)	P value
6 Bachelor's degree	1.4433	-0.1129	<.0001
7 Post graduate degree	1.363	-0.1932	<.0001
Note: larger number means worse risk management. Maximum value: 2. National average: 1.5562.			
<b>10 (d) financial situation</b>			
Education group average significantly lower than the national average			
	Mean	Difference (Education group average - national average)	P value
1 Did not complete high school	4.4794	-0.551	0.001

2 High school graduate - regular high school diploma	4.9621	-0.0683	0.0037
3 High school graduate - GED or alternative credential	4.7376	-0.2928	<.0001
4 Some college, no degree	4.9316	-0.0988	<.0001
5 Associate's degree	4.9633	-0.0671	0.0209
Education group average significantly higher than the national average			
	Mean	Difference (Education group average - national average)	P value
6 Bachelor's degree	5.1542	0.1238	<.0001
7 Post graduate degree	5.3692	0.3388	<.0001
Note: larger number means better financial situation. Maximum value: 7. National average: 5.0304.			
<b>10 (e) finance education</b>			
Education group average significantly lower than the national average			
	Mean	Difference (Education group average - national average)	P value
1 Did not complete high school	4.5506	-0.9329	<.0001
2 High school graduate - regular high school diploma	5.207	-0.2765	<.0001
3 High school graduate - GED or alternative credential	5.2767	-0.2068	<.0001
4 Some college, no degree	5.4001	-0.0834	<.0001
Education group average significantly higher than the national average			
	Mean	Difference (Education group average - national average)	P value
5 Associate's degree	5.5365	0.053	0.0166
6 Bachelor's degree	5.6694	0.1859	<.0001
7 Post graduate degree	5.8439	0.3604	<.0001
Note: larger number means more finance education. Maximum value: 7. National average: 5.4835.			
<b>10 (f) financial literacy</b>			

Education group average significantly lower than the national average			
	Difference (Education group average - national average)		
	Mean		P value
1 Did not complete high school	2.5481	-0.1974	<.0001
2 High school graduate - regular high school diploma	2.662	-0.0835	<.0001
3 High school graduate - GED or alternative credential	2.6002	-0.1453	<.0001
5 Associate's degree	2.7096	-0.0359	0.0002
Education group average significantly higher than the national average			
	Difference (Education group average - national average)		
	Mean		P value
6 Bachelor's degree	2.7982	0.0527	<.0001
7 Post graduate degree	2.8418	0.0963	<.0001
Note: larger number means more financial literacy. Maximum value: 3. National average: 2.7455.			
<b>10 (g) savings for retirement</b>			
Education group average significantly lower than the national average			
	Difference (Education group average - national average)		
	Mean		P value
1 Did not complete high school	0.1413	-0.335	<.0001
2 High school graduate - regular high school diploma	0.3407	-0.1356	<.0001
3 High school graduate - GED or alternative credential	0.2925	-0.1838	<.0001
4 Some college, no degree	0.4058	-0.0705	<.0001
Education group average significantly higher than the national average			
	Difference (Education group average - national average)		
	Mean		P value
6 Bachelor's degree	0.5963	0.12	<.0001

7 Post graduate degree	0.7039	0.2276	<.0001
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Note: Answers are recoded to be 1 for Yes and 0 for No. The value now reflects the percent of respondents who have a retirement plan or retirement account, excluding those who chose “don’t know” or “prefer not to say”. National average: 0.4763.

**TABLE 11  
RESULTS BY RACE**

*Because there are only two groups for the classification, we do not compare the group mean and the national mean. We only compare the means of the two groups.*

<b>11 (a) financial condition</b>		
	Mean	P value
White Alone NH	5.8329	
Non-White	5.6192	
Diff (White Alone NH -Non-White )	0.2136	<0.001
Note: larger number means more satisfied. Maximum value: 10. National average: 5.7732.		
<b>11 (b) financial stress</b>		
	Mean	P value
White Alone NH	2.4315	
Non-White	2.3097	
Diff (White Alone NH -Non-White )	0.1219	<0.001
Note: larger number means less stress. Maximum value: 3. National average: 2.3976.		
<b>11 (c) risk management</b>		
	Mean	P value
White Alone NH	1.5433	
Non-White	1.5858	
Diff (White Alone NH -Non-White )	-0.0425	<0.001
Note: larger number means worse risk management. Maximum value: 2. National average: 1.5562.		
<b>11 (d) financial situation</b>		
	Mean	P value
White Alone NH	5.1094	
Non-White	4.8257	
Diff (White Alone NH -Non-White )	0.2837	<0.001
Note: larger number means better financial situation. Maximum value: 7. National average: 5.0304.		
<b>11 (e) finance education</b>		

	Mean	P value
White Alone NH	5.5144	
Non-White	5.4025	
Diff (White Alone NH -Non-White )	0.1119	<0.001
Note: larger number means more finance education. Maximum value: 7. National average: 5.4835.		
<b>11 (f) financial literacy</b>		
	Mean	P value
White Alone NH	2.7814	
Non-White	2.6423	
Diff (White Alone NH -Non-White )	0.1391	<0.001
Note: larger number means more financial literacy. Maximum value: 3. National average: 2.7455.		
<b>11 (g) savings for retirement</b>		
	Mean	P value
White Alone NH	0.5045	
Non-White	0.4007	
Diff (White Alone NH -Non-White )	0.1039	<0.001
Note: Answers are recoded to be 1 for Yes and 0 for No. The value now reflects the percent of respondents who have a retirement plan or retirement account, excluding those who chose “don’t know” or “prefer not to say”. National average: 0.4763.		

**TABLE 12  
RESULTS BY GENDER**

<b>12 (a) financial condition</b>		
	Mean	P value
Male	6.1844	
Female	5.4405	
Diff (Male-Female)	0.7439	<.0001
Note: larger number means more satisfied. Maximum value: 10. National average: 5.7732.		
<b>12 (b) financial stress</b>		
	Mean	P value
Male	2.4821	
Female	2.3294	
Diff (Male-Female)	0.1527	<.0001

Note: larger number means less stress. Maximum value: 3. National average: 2.3976.		
<b>12 (c) risk management</b>		
	Mean	P value
Male	1.494	
Female	1.6056	
Diff (Male-Female)	-0.1116	<.0001
Note: larger number means worse risk management. Maximum value: 2. National average: 1.5562.		
<b>12(d) financial situation</b>		
	Mean	P value
Male	5.1298	
Female	4.9502	
Diff (Male-Female)	0.1796	<.0001
Note: larger number means better financial situation. Maximum value: 7. National average: 5.0304.		
<b>12 (e) finance education</b>		
	Mean	P value
Male	5.6744	
Female	5.329	
Diff (Male-Female)	0.3454	<.0001
<b>Note:</b> larger number means more finance education. Maximum value: 7. National average: 5.4835.		
<b>12 (f) financial literacy</b>		
	Mean	P value
Male	2.7878	
Female	2.7054	
Diff (Male-Female)	0.0825	<.0001
Note: larger number means more financial literacy. Maximum value: 3. National average: 2.7455.		
<b>12 (g) savings for retirement</b>		
	Mean	P value
Male	0.5187	
Female	0.4415	
Diff (Male-Female)	0.0772	<.0001
Note: Answers are recoded to be 1 for Yes and 0 for No. The value now reflects the percent of respondents who have a retirement plan or retirement account, excluding those who chose “don’t know” or “prefer not to say”. National average: 0.4763.		

**TABLE 13**  
**RESULTS BY MARITAL STATUS**

<b>13 (a) financial condition</b>			
Marital status average significantly lower than the national average			
	Mean	Difference (marital status average - national average)	P value
2 Single	5.2453	-0.5279	<.0001
3 Separated	4.4754	-1.2978	<.0001
4 Divorced	4.9128	-0.8604	<.0001
Marital status average significantly higher than the national average			
	Mean	Difference (marital status average - national average)	P value
1 Married	6.2572	0.484	<.0001
Note: larger number means more satisfied. Maximum value: 10. National average: 5.7732.			
<b>13 (b) financial stress</b>			
Marital status average significantly lower than the national average			
	Mean	Difference (marital status average - national average)	P value
2 Single	2.2706	-0.127	<.0001
3 Separated	2.1802	-0.2174	<.0001
4 Divorced	2.2573	-0.1403	<.0001
Marital status average significantly higher than the national average			
	Mean	Difference (marital status average - national average)	P value
1 Married	2.4959	0.0983	<.0001
Note: larger number means less stress. Maximum value: 3. National average: 2.3976.			
<b>13 (c) risk management</b>			
Marital status average significantly higher than the national average			
	Mean	Difference (marital status average - national average)	P value
2 Single	1.6446	0.0884	<.0001
3 Separated	1.7034	0.1472	<.0001
4 Divorced	1.6414	0.0852	<.0001
Marital status average significantly lower than the national average			
	Mean	Difference (marital status average - national average)	P value

1 Married	1.4795	-0.0767	<.0001
Note: larger number means worse risk management. Maximum value: 2. National average: 1.5562.			
<b>13(d) financial situation</b>			
Marital status average significantly lower than the national average			
	Mean	Difference (marital status average - national average)	P value
2 Single	4.7907	-0.2397	<.0001
3 Separated	4.44739	-0.58301	<.0001
4 Divorced	4.9245	-0.1059	0.0002
Marital status average significantly higher than the national average			
	Mean	Difference (marital status average - national average)	P value
1 Married	5.1619	0.1203	<.0001
5 Widowed/ Widower	5.422	0.3916	<.0001
Note: larger number means better financial situation. Maximum value: 7. National average: 5.0304.			
<b>13 (e) finance education</b>			
Marital status average significantly lower than the national average			
	Mean	Difference (marital status average - national average)	P value
2 Single	5.23	-0.2535	<.0001
3 Separated	5.2082	-0.2753	<.0001
Marital status average significantly higher than the national average			
	Mean	Difference (marital status average - national average)	P value
1 Married	5.6281	0.1446	<.0001
Note: larger number means more finance education. Maximum value: 7. National average: 5.4835.			
<b>13 (f) financial literacy</b>			
Marital status average significantly lower than the national average			
	Mean	Difference (marital status average - national average)	P value
2 Single	2.6669	-0.0786	<.0001
3 Separated	2.6925	-0.053	0.0565
Marital status average significantly higher than the national average			
	Mean	Difference (marital status average - national average)	P value
1 Married	2.7717	0.0262	<.0001

4 Divorced	2.7807	0.0352	0.0002
5 Widowed/ Widower	2.8052	0.0597	<.0001
Note: larger number means more financial literacy. Maximum value: 3. National average: 2.7455.			
<b>13 (g) savings for retirement</b>			
Marital status average significantly lower than the national average			
	Mean	Difference (marital status average - national average)	P value
2 Single	0.3075	-0.1688	<.0001
3 Separated	0.314	-0.1623	<.0001
4 Divorced	0.3659	-0.1104	<.0001
5 Widowed/ Widower	0.3983	-0.078	<.0001
Marital status average significantly higher than the national average			
	Mean	Difference (marital status average - national average)	P value
1 Married	0.5966	0.1203	<.0001
Note: Answers are recoded to be 1 for Yes and 0 for No. The value now reflects the percent of respondents who have a retirement plan or retirement account, excluding those who chose “don’t know” or “prefer not to say”. National average: 0.4763.			



