

Financial Well-being of Older Americans

Office of Financial Protection for Older Americans



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Executive Summary

The ultimate goal of programs and resources that educate and empower older adults to make informed financial decisions is to improve or maintain their financial well-being as they age. Therefore, understanding *financial well-being* is key to designing and assessing the effectiveness of those programs and resources. For older adults, like their younger counterparts, financial well-being means being able to meet current and ongoing financial obligations, feeling financially secure in the present and future, and being able to make choices that allow them to enjoy life.

In 2015, the Bureau of Consumer Financial Protection (the Bureau) released a scale to measure a person's sense of financial well-being. The scale expands our understanding of consumers', including older Americans', financial situation beyond traditional measures of socio-economic status like income and wealth. It also provides an opportunity to study how factors such as income, wealth, expenses, financial literacy, goals, and preferences contribute to someone's perception of financial well-being.

This report explores the factors that are associated with the financial well-being of older Americans. It relies on data from the National Financial Well-Being Survey to examine the distribution of financial well-being scores for adults ages 62 and older in the United States. It also examines the association of financial well-being and: (1) age; (2) individual characteristics; (3) employment and retirement; (4) housing situation; (5) debt; (6) family and living arrangement; (7) health-related experience; and (8) financial knowledge, skill, and behavior. It also includes differences in some of these associations for older and younger adults.

Key Findings

- **Age.** Older adults have a higher average financial well-being score than younger adults. Yet a quarter of older adults have financial well-being scores indicating that they are financially insecure. Financial well-being increases with age into the late seventies, then declines.
- **Individual Characteristics.** Across all subgroups of older Americans, financial well-being levels vary and overlap significantly. Differences in financial well-being by sex, marital status, and race/ethnicity are larger at older ages than younger ages.

- **Employment and retirement.** Older adults who experience an unexpected job loss or reduction in work hours have lower financial well-being scores than those who remain in the workforce. In addition, an unplanned retirement is negatively associated with older adults' financial well-being. Older adults who have a defined contribution retirement plan and a pension have higher financial well-being scores than older adults with one type of plan or no retirement plan.
- **Housing.** Older homeowners have higher financial well-being scores than those who do not own a home. For renters and homeowners alike, having low monthly housing costs is positively associated with financial well-being. In addition, financial well-being is higher among older adults who are highly satisfied with their housing situation and community than among those less satisfied.
- **Family and living arrangements.** Older adults living alone have lower financial well-being scores than older adults who live with others. Older adults who provide financial support to children have lower financial well-being scores than older adults who do not. Older adults with a financial safety net from family and friends have higher financial well-being scores than those without familial backup.
- **Debt.** Older adults who owe credit card and education debt have significantly lower financial well-being scores than older adults who do not have these debts. Carrying multiple debts has a stronger negative association with financial well-being than carrying a single debt. Among older homeowners, carrying a high mortgage balance is negatively associated with financial well-being.
- **Health.** Poor health is negatively associated with financial well-being. Confusion or memory loss and having a health emergency are also negatively associated with financial well-being.
- **Financial Knowledge, Skill, and Behaviors.** High levels of financial knowledge and skill are positively associated with financial well-being. Older adults who routinely save money and engage in effective day-to-day money management behaviors have a higher financial well-being score than older adults who do not engage in these behaviors. Similarly, older adults who engage in planning behaviors such as setting financial goals, consulting a budget, and preparing an action plan have higher average financial well-being scores than older adults who do not engage in these behaviors.

1. Introduction

The ultimate goal of programs and resources that educate and empower older adults to make informed financial decisions is to improve or maintain their financial well-being as they age.¹ Therefore, understanding *financial well-being* is key to designing and assessing the effectiveness of those programs and resources. For older adults, like their younger counterparts, financial well-being means being able to meet current and ongoing financial obligations, feeling financially secure in the present and future, and being able to make choices that allow them to enjoy life.²

In 2015, the Bureau of Consumer Financial Protection (the Bureau) released a scale to measure a person's sense of financial well-being. The scale expands our understanding of consumers, including older Americans', financial situation beyond traditional measures of socio-economic status like income and wealth.³ It also provides an opportunity to study how factors such as income, wealth, expenses, financial literacy, goals, and preferences contribute to someone's perception of financial well-being.

This report explores the factors that are associated with the financial well-being of older Americans. It relies on data from the National Financial Well-Being Survey to examine the distribution of financial well-being scores for adults ages 62 and older in the United States.⁴ It also examines the association of financial well-being and: (1) age; (2) individual characteristics; (3) employment and retirement; (4) housing situation; (5) debt; (6) family and living

¹ The Office of Financial Protection for Older Americans (OA) within the Bureau of Consumer Financial Protection (BCFP) is charged with, among other things, developing goals for programs that provide seniors financial literacy and counseling and conducting research to identify best practices and effective methods, tools, technology and strategies to educate and counsel seniors about personal finance management with a focus on planning for retirement and long-term care. See 12 U.S.C. § 5493(g)(3).

² For more information on this definition, see the Bureau's 2015 report, *Financial Well-Being: The goal of financial education* (2015), available at https://files.consumerfinance.gov/f/201501_cfpb_report_financial-well-being.pdf.

³ CFPB, *Measuring financial well-being* (2015), available at https://files.consumerfinance.gov/f/201512_cfpb_financial-well-being-user-guide-scale.pdf.

⁴ CFPB, *Financial well-being in America* (2017), available at https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201709_cfpb_financial-well-being-in-America.pdf.

arrangement; (7) health-related experience; and (8) financial knowledge, skill, and behavior. It also includes differences in some of these associations for older and younger adults.

1.1 About the Financial Well-Being Scale and Score

The Bureau's Financial Well-Being Scale is the first validated and tested tool to measure a consumer's sense of financial well-being.⁵ It specifically measures a person's: (1) control over day-to-day and month-to-month finances; (2) capacity to absorb a financial shock; (3) ability to meet financial goals; and (4) ability to make financial choices to enjoy life.⁶

The Financial Well-Being Scale consists of ten questions (Figure 1). An individual's response to each of the ten items in the scale yield a score.⁷ The score is a standardized number between 0 and 100 that quantifies a person's underlying level of financial well-being.⁸

A Bureau study found that scores are closely associated with a number of real life financial experiences, such as paying for basic needs, an unexpected expense, obtaining credit, and having financial resources.⁹ Similarly, the financial well-being score is closely associated with traditional measures of socio-economic status like income, education, and wealth. Yet the study

⁵ For more information on scoring, see CFPB, *Financial Well-Being Scale: Scale Development Technical Report* (2017), available at https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201705_cfpb_financial-well-being-scale-technical-report.pdf.

⁶ CFPB, *Financial Well-Being: The goal of financial education* (2015), available at https://files.consumerfinance.gov/f/201501_cfpb_report_financial-well-being.pdf.

⁷ CFPB, *Financial Well-Being Scale: Scale Development Technical Report* (2017), available at https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201705_cfpb_financial-well-being-scale-technical-report.pdf.

⁸ *Id.* Each unit increase in the score indicates a higher level of financial well-being. The score is adjusted by age to account for differences in response patterns among older and younger adults.

⁹ BCFP, *Pathways to Financial Well-Being* (2018), available at https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/bcfp_financial-well-being_pathways-role-financial-capability_research-brief.pdf.

found that the score is a more comprehensive measure than solely income and wealth.¹⁰ Because of its variation and ability to capture a variety of financial circumstances, the financial well-being score provides a unique opportunity to expand knowledge about how resources, expenses, risks, and financial literacy, goals, and preferences may contribute to older adults' perception of financial well-being.

FIGURE 1: FINANCIAL WELL-BEING SCALE

Questions	Statement	Response Options
How well does this statement describe you or your situation?	1. I could handle a major unexpected expense.	
	2. I am securing my financial future.	• Describes me completely
	3. Because of my money situation, I feel like I will never have the things I want in life.*	• Describes me very well
	4. I can enjoy life because of the way I'm managing my money.	• Describes me somewhat
	5. I am just getting by financially.*	• Describes me very little
	6. I am concerned that the money I have or will save won't last.*	• Does not describe me at all
How often does this statement apply to you?	7. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month.*	• Always
	8. I have money left over at the end of the month.	• Often
	9. I am behind with my finances.*	• Sometimes
	10. My finances control my life.*	• Rarely
		• Never

* More affirmative responses indicate lower levels of financial well-being

¹⁰ CFPB, *Financial well-being in America* (2017), available at https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201709_cfpb_financial-well-being-in-America.pdf.

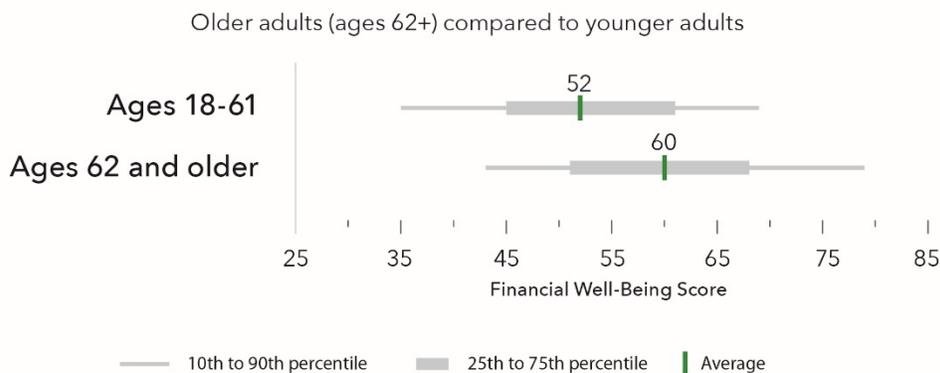
2. Financial well-being among older adults

2.1 Financial well-being and age

On average, adults age 62 and older have a higher financial well-being score than adults ages 18 to 61. The average score for: (1) adults age 62 and older is 60; (2) adults age 18 to 61 is 52; and, (3) all U.S. adults, age 18 and older, is 54. The difference in scores between both groups is statistically significant.

The financial well-being scores for older and younger adults have wide variations. As shown in Figure 2, both groups have about a 35-point spread between the 10th and 90th percentiles. Moreover, the distribution of scores for both groups overlap substantially.

FIGURE 2: FINANCIAL WELL-BEING SCORES OF OLDER AND YOUNGER ADULTS



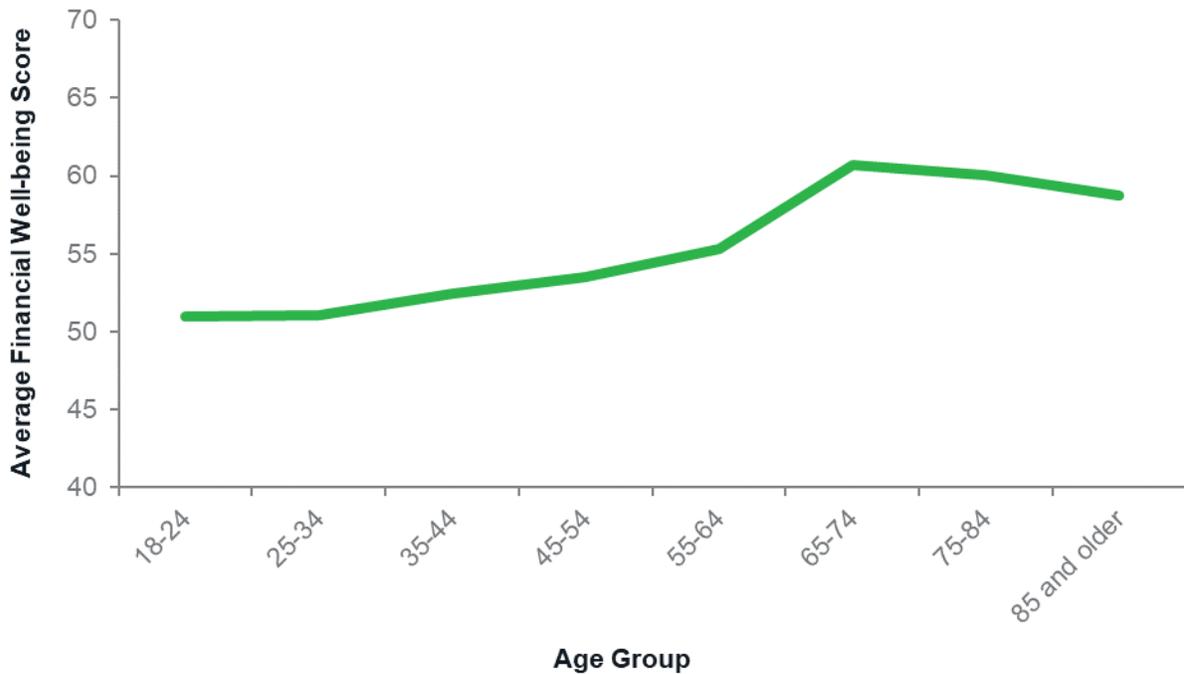
About one-in-four (24 percent) older adults have scores of 50 or lower. These scores are associated with high probabilities of experiencing an array of negative financial outcomes, including frequent struggles to pay for basic needs, obtain credit, and pay for an unexpected expense of \$2,000 or more.¹¹ About 55 percent of older adults have scores between 50 and 69,

¹¹ The official poverty measure shows that 9.3 percent of adults 65 and older were living in poverty in 2016, and the supplemental poverty measure shows that 14.5 percent of older adults 65 and older were living in poverty in 2016. See U.S. Census Bureau, *The Supplemental Poverty Measure: 2016* (2017), at 6, available at <https://census.gov/content/dam/Census/library/publications/2017/demo/p60-261.pdf>.

and 21 percent have scores above 70. Scores above 70 are associated with financial security and limited financial hardships.

The scores tend to increase with age. The data also shows a significant increase in the scores at age 65, the eligibility age for health insurance coverage through Medicare. After age 75, the scores begin showing a small decline.

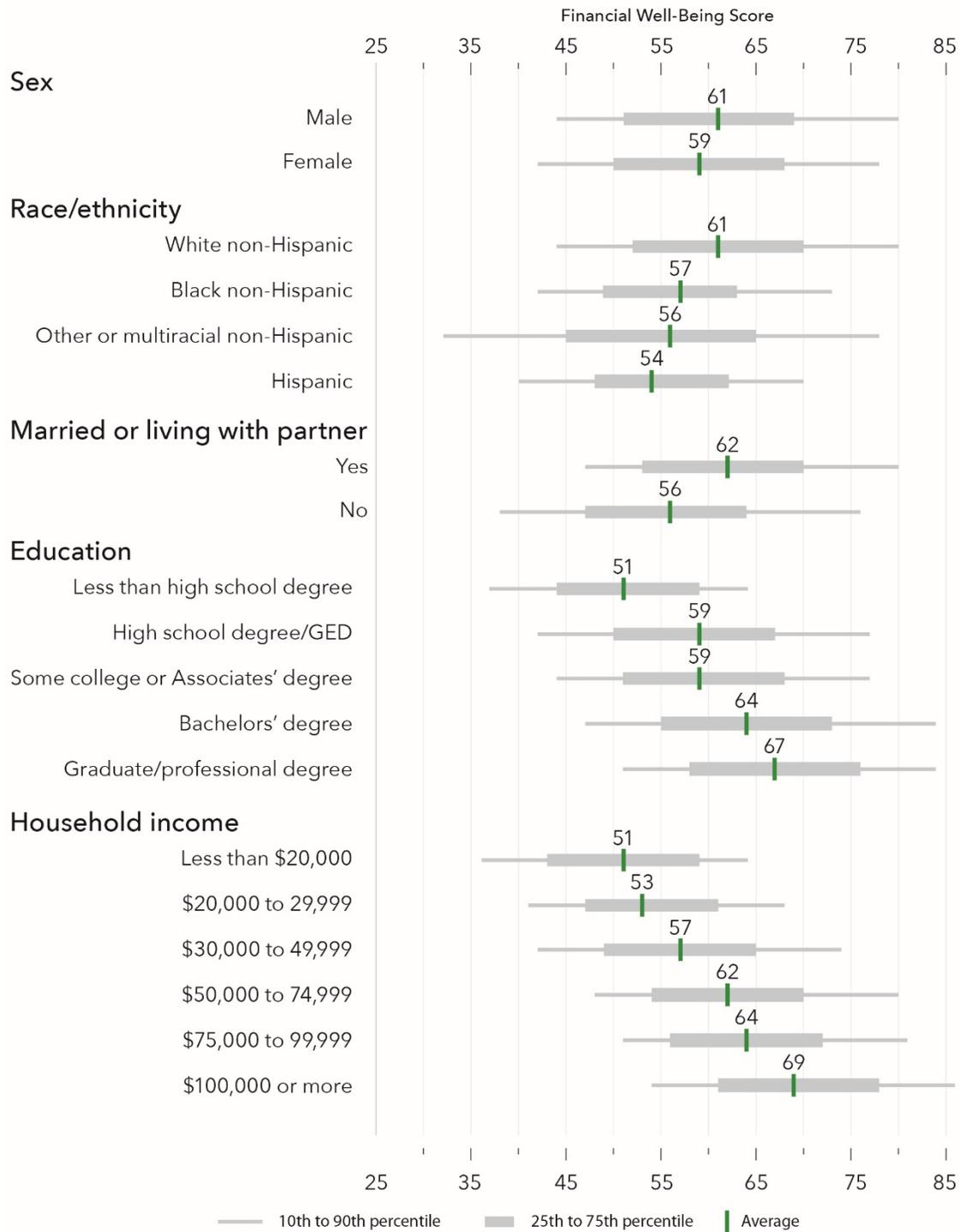
FIGURE 3: AVERAGE FINANCIAL WELL-BEING SCORES BY AGE GROUP



2.2 Financial well-being and individual characteristics

Financial well-being scores of older adults increase alongside traditional measures of socioeconomic status such as education and income. Financial well-being scores also vary by sex, marital status, and race/ethnicity. More specifically, males have a higher average financial well-being than females, married individuals than non-married individuals, and White non-Hispanic respondents than respondents of other racial/ethnic groups. However, the range of financial well-being scores for each group varies widely, even among older adults with similar levels of income and education (Figure 4).

FIGURE 4: FINANCIAL WELL-BEING SCORES OF OLDER ADULTS AGE 62 AND OLDER BY INDIVIDUAL CHARACTERISTICS



Differences in financial well-being scores for some specific groups are more pronounced at older ages than younger ages (Figure 5). The difference in the average financial well-being score between males and females, married and non-married individuals and respondents who are White non-Hispanic and respondents of other racial backgrounds increases with age.

FIGURE 5: DIFFERENCES IN FINANCIAL WELL-BEING SCORES BY AGE, SEX, RACE, AND MARITAL STATUS

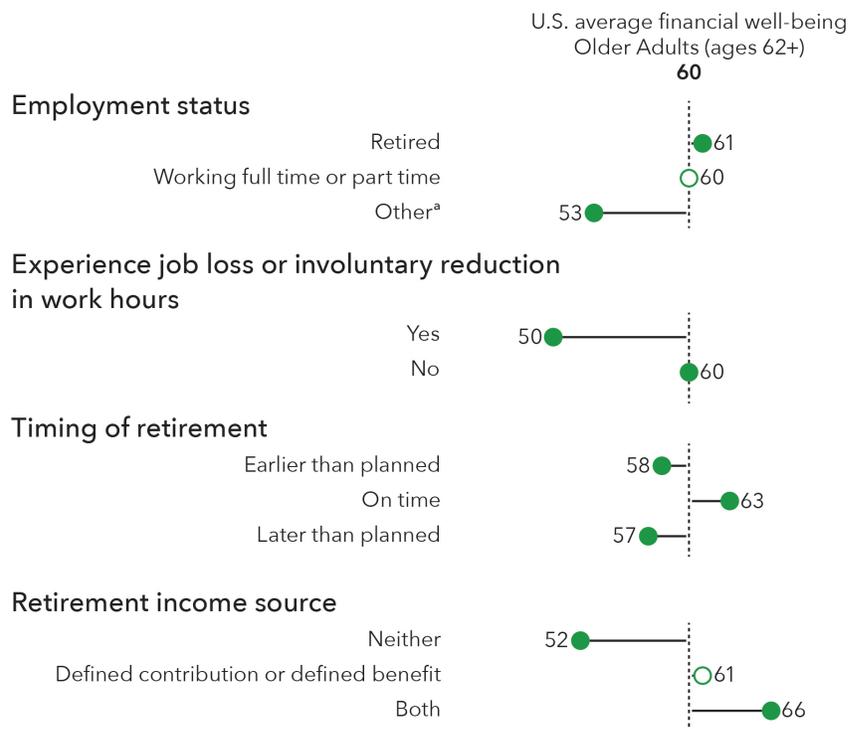
Characteristic	Subgroup	Ages 18-29	Ages 30-44	Ages 45-61	Ages 62 and older
Sex	Male	51	52	54	61
Sex	Female	50	52	54	59
Race/Ethnicity	White, non-Hispanic	51	53	55	61
Race/Ethnicity	Other	50	50	52	52
Marital Status	Married	52	53	56	62
Marital Status	Non-Married	50	49	50	56

3. Financial well-being and key issues for older adults

3.1 Employment and retirement

Older adults who experience an unexpected job loss or reduction in work hours have lower financial well-being scores than those who remain in the workforce. In addition, an unplanned retirement is negatively associated with older adults' financial well-being. Older adults who have a defined contribution retirement plan and a pension have higher financial well-being scores than older adults with one type of plan or no retirement plan.

FIGURE 6: AVERAGE FINANCIAL WELL-BEING OF ADULTS AGE 62 AND OLDER BY EMPLOYMENT AND RETIREMENT EXPERIENCES



The distributions for these and other variables and the results of tests of whether subgroups means differ significantly from each other are presented in Appendix B.

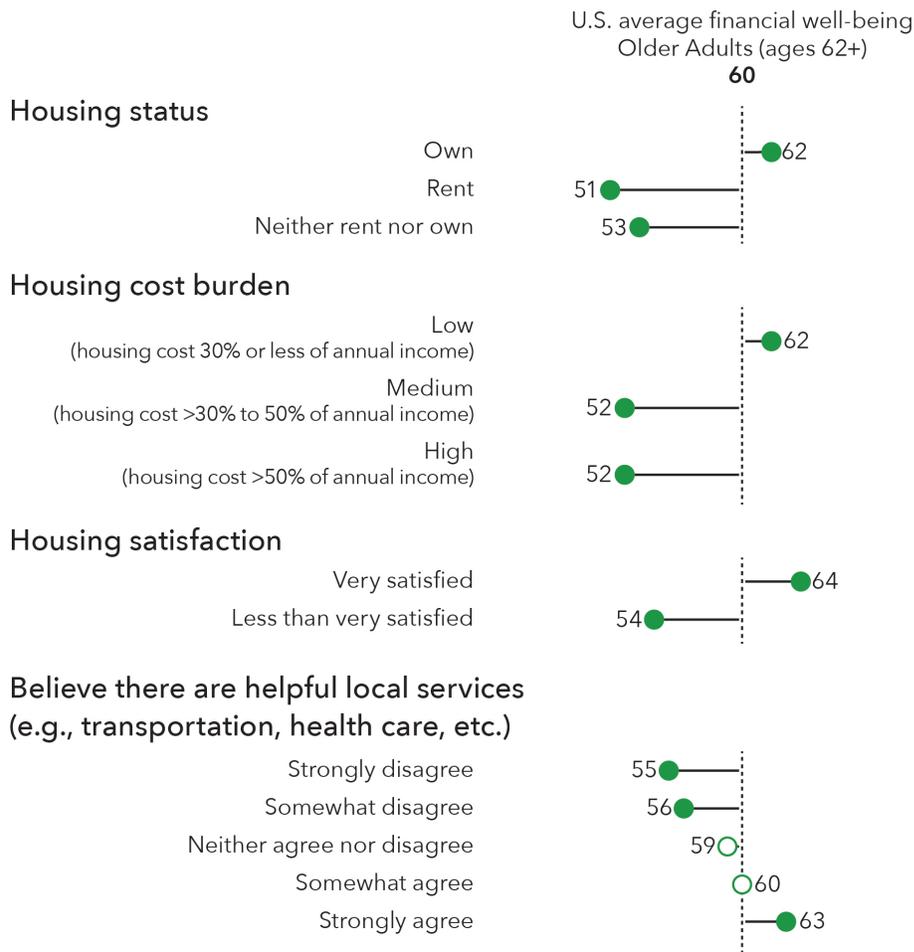
- Subgroup mean is significantly different from the total population mean
- Subgroup mean is **not** significantly different from the total population mean

^a An employment status of "other" refers to being sick or disabled, unemployed or laid off, a homemaker, or a student.

3.2 Housing

Older homeowners have higher financial well-being scores than those who do not own a home. For renters and homeowners alike, having low monthly housing costs is positively associated with financial well-being. In addition, financial well-being is higher among older adults who are highly satisfied with their housing situation and community than among those less satisfied.

FIGURE 7: AVERAGE FINANCIAL WELL-BEING OF ADULTS AGE 62 AND OLDER BY HOUSING EXPERIENCES



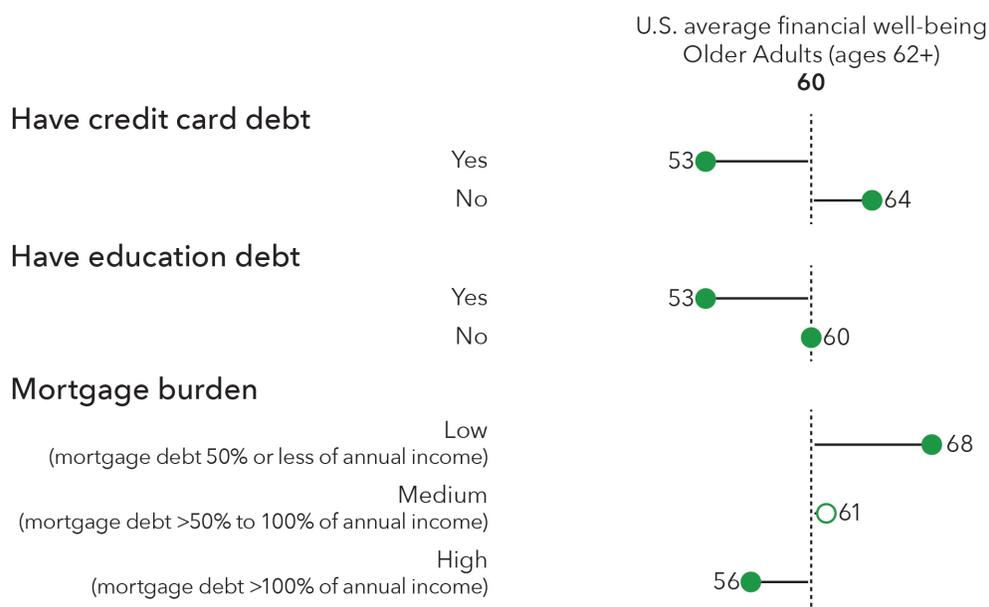
The distributions for these and other variables and the results of tests of whether subgroups means differ significantly from each other are presented in Appendix B.

- Subgroup mean is significantly different from the total population mean
- Subgroup mean is **not** significantly different from the total population mean

3.3 Debt

Older adults who owe credit card and education debt have significantly lower financial well-being than older adults who do not have these debts. Among older homeowners, carrying a high mortgage balance is negatively associated with financial well-being. Carrying multiple debts has a stronger negative association with financial well-being than carrying a single debt.

FIGURE 8: AVERAGE FINANCIAL WELL-BEING OF ADULTS AGE 62 AND OLDER BY DEBT EXPERIENCES



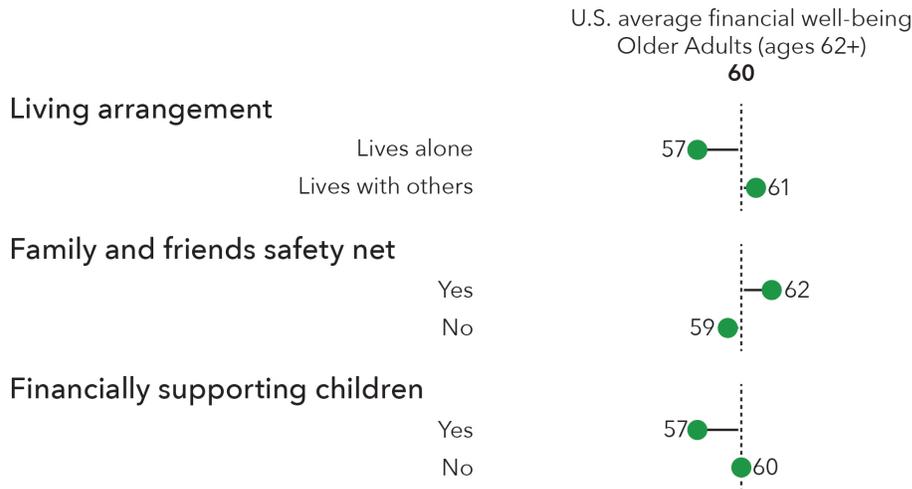
The distributions for these and other variables and the results of tests of whether subgroups means differ significantly from each other are presented in Appendix B.

- Subgroup mean is significantly different from the total population mean
- Subgroup mean is **not** significantly different from the total population mean

3.4 Family and living arrangements

Older adults living alone have lower financial well-being scores than older adults who live with others. Older adults who provide financial support to children have lower financial well-being scores than older adults who do not. Older adults with a financial safety net from family and friends have higher financial well-being scores than those without such safety net.

FIGURE 9: AVERAGE FINANCIAL WELL-BEING OF ADULTS AGE 62 AND OLDER BY FAMILY AND LIVING ARRANGEMENT



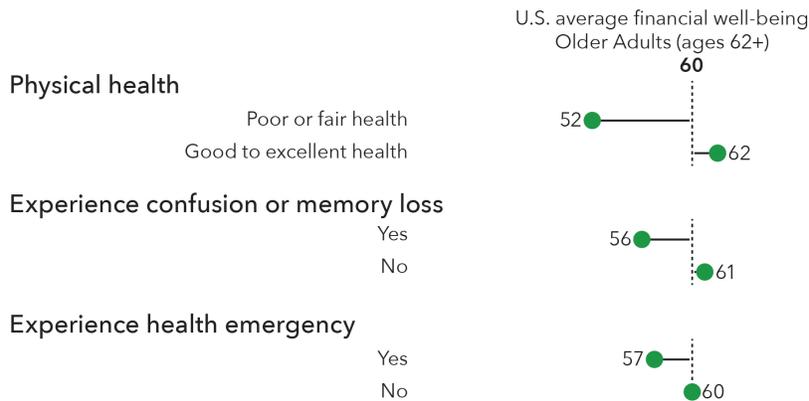
The distributions for these and other variables and the results of tests of whether subgroups means differ significantly from each other are presented in Appendix A.

- Subgroup mean is significantly different from the total population mean
- Subgroup mean is **not** significantly different from the total population mean

3.5 Health

Poor health is negatively associated with financial well-being. Confusion or memory loss and having a health emergency are also negatively associated with financial well-being.

FIGURE 10: FINANCIAL WELL-BEING OF ADULTS AGE 62 AND OLDER BY HEALTH-RELATED EXPERIENCES



The distributions for these and other variables and the results of tests of whether subgroups means differ significantly from each other are presented in Appendix B.

- Subgroup mean is significantly different from the total population mean
- Subgroup mean is **not** significantly different from the total population mean

3.6 Financial knowledge, skill, and behaviors

High levels of financial knowledge¹² and skill¹³ are positively associated with financial well-being. Financial skill is more strongly associated with financial well-being among older adults than younger adults.¹⁴ Older adults who routinely save money and engage in effective day-to-day money management behaviors¹⁵ have a higher financial well-being score than older adults who do not engage in these behaviors. Similarly, older adults who engage in planning behaviors such as setting financial goals, consulting a budget, and preparing an action plan have higher average financial well-being scores than older adults who do not engage in these behaviors.¹⁶

¹² Financial knowledge refers to explicit knowledge of financial facts and concepts. The survey measured financial knowledge using Lusardi and Mitchell's 3-item financial literacy scale. The Lusardi and Mitchell scale includes knowledge of compound interest, risk diversification, and inflation concepts. See Annamaria Lusardi and Olivia Mitchell, *The Economic Importance of Financial Literacy: Theory and Evidence* *Journal of Economic Literature* 52 (2014) at 5-44, available at <http://gflec.org/wp-content/uploads/2014/12/economic-importance-financial-literacy-theory-evidence.pdf>.

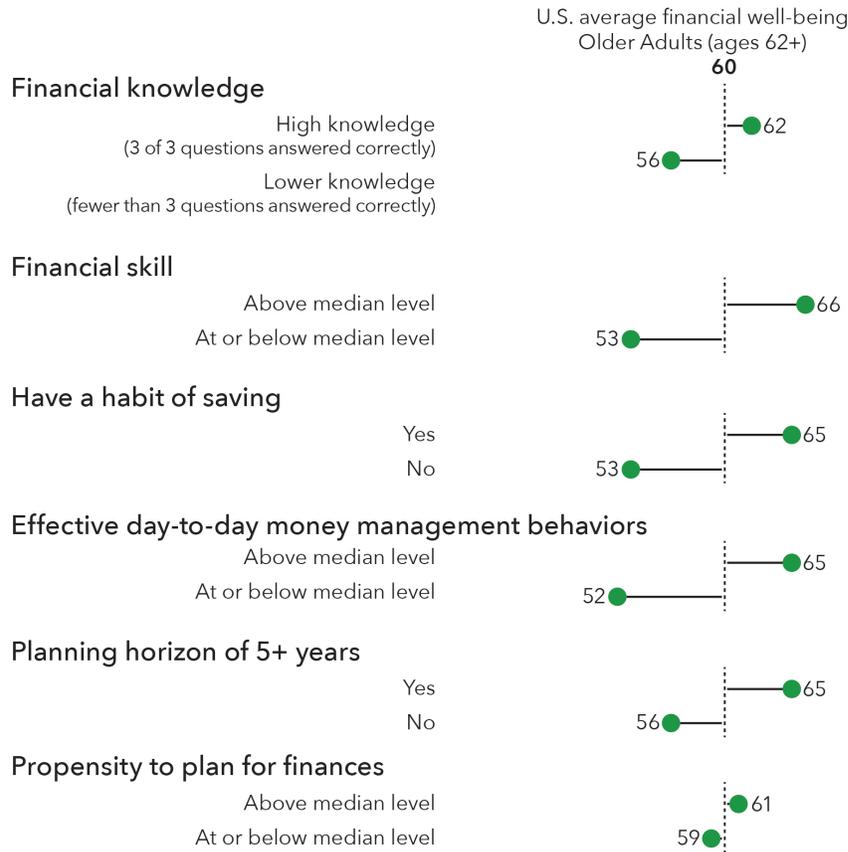
¹³ Financial skill refers to the ability to find, process, and use financial knowledge. The survey measured financial skill using the Bureau's 10-item Financial Skill Scale. The scale yields a score between 0 and 100. For more details about this scale, see BCFP, *Measuring financial skill: A guide to using the Bureau of Consumer Financial Protection Financial Skill Scale* (2018), available at https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/bcfp_financial-well-being_measuring-financial-skill_guide.pdf.

¹⁴ Among older adults, the financial well-being and skill scores have a Pearson correlation coefficient of .58. Among younger adults, the Pearson correlation coefficient is .47.

¹⁵ Effective day-to-day money management behaviors include paying bills on time; staying within a budget or spending plan; paying off credit card balances in full each month; and checking statements, bills and receipts for errors. See Jeffery Dew and Jing Jian Xiao, *The financial management behavior scale: Development and validation*, *Journal of Financial Counseling and Planning* 22 (2011), at 43-59, available at https://www.afcpe.org/assets/pdf/vol_22_issue_1_dew_xiao.pdf.

¹⁶ Propensity to plan was measured using a 4-item scale that asks about planning behaviors related to budgeting and goal setting. See John G. Lynch Jr, et al., *A generalizable scale of propensity to plan: the long and the short of planning for time and for money*, *Journal of Consumer Research* 37 (2009) at 108-128, available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1476382 (last visited October 1, 2018).

FIGURE 11: FINANCIAL WELL-BEING OF ADULTS AGE 62 AND OLDER BY FINANCIAL KNOWLEDGE, SKILL AND BEHAVIORS



The distributions for these and other variables and the results of tests of whether subgroups means differ significantly from each other are presented in Appendix B.

- Subgroup mean is significantly different from the total population mean
- Subgroup mean is **not** significantly different from the total population mean

4. Conclusion

The Bureau study found a higher average financial well-being score for older adults than younger adults. The differences in financial well-being scores by age are likely the result of a combination of factors that are associated with a person's stage in the life-cycle. For instance, many older adults, compared to their younger counterparts, have lower amounts of and fewer debts, higher savings and other safety nets, lower housing costs, and health insurance coverage. These factors may account for the consistent increase in scores as people age. However, the results also show the limits of the positive relationship between age and financial well-being. Scores begin to decline again after age 75. This decline may be due to poor health, living alone, and decreased ability to manage finances, which likely become more common after age 75. The results also show that despite the increase in financial well-being scores with age, over one-fifth of older adults have scores that indicate that they are struggling financially at each stage of the life cycle.

In addition, the positive relationship between age and financial well-being could diminish in light of trends showing that a larger share of older adults reaching age 60 carry mortgage and other debts,¹⁷ and have limited or no retirement savings.¹⁸

¹⁷ See e.g., CFPB, *Snapshot of older consumers and mortgage debt* (2014), at http://files.consumerfinance.gov/f/201405_cfpb_snapshot_older-consumers-mortgage-debt.pdf; see also, Craig Copeland, *Debt of the Elderly and Near Elderly, 1992–2016*, EBRI Issue Brief, No. 443 (2018), available at https://www.ebri.org/pdf/briefspdf/EBRI_IB_443.pdf.

¹⁸ See e.g., Jack VanDerhei, *What Causes EBRI Retirement Readiness Ratings to Vary: Results from the 2014 Retirement Security Projection Model*, EBRI Issue Brief, No. 396 (2014), available at http://www.ebri.org/pdf/briefspdf/EBRI_IB_396_Feb14_RRRs2.pdf; see also, Alicia Munnell, et al., *NRRI update shows half still falling short*, CRR Issue Brief 14 (2014), available at http://crr.bc.edu/wp-content/uploads/2014/12/IB_14-20-508.pdf.

APPENDIX A: ABOUT THE STUDY

Data

This study relied upon data from the Bureau's National Financial Well-Being Survey.¹⁹ This national survey of adults in the United States was fielded in late 2016 and was designed to measure financial well-being and such possible correlates as financial behaviors, skill and attitudes, individual characteristics, household and family characteristics, income and employment characteristics, savings and safety nets, and financial experiences.

Participants were members of the GfK Knowledge Panel® (GfK panel), a nationally representative probability-based recruited internet panel, or the GfK KnowledgePanel LatinoSM.²⁰ A total of 6,394 adult participants from the general population, including an oversample of older adults (n = 2,253), completed the survey in English or Spanish, according to their language preference.²¹ Table 1 presents their weighted characteristics for the general sample and the oversample of older adults.

¹⁹ The survey's public-use data file and documentation is available at <https://www.consumerfinance.gov/data-research/financial-well-being-survey-data/> (last visited October 1, 2018).

²⁰ Including the GfK KnowledgePanel LatinoSM helped ensure adequate representation of the U.S. Hispanic population, including Spanish speakers.

²¹ For details on the survey and sampling methodologies and the development of the study weights, see CFPB, *National Financial Well-Being Survey Public Use File User Guide* (2017), available at <https://www.consumerfinance.gov/data-research/financial-well-being-survey-data> (last visited October 1, 2018).

TABLE 1: SURVEY SAMPLE AND OLDER ADULT OVERSAMPLE CHARACTERISTICS

Category	Sub-category	Percentage of All Adults (n = 6,394)	Percentage of Older Adults (n = 2,253)
Age	Mean (Std. Dev.)	47.5 (17.8)	71.7 (5.8)
<i>Age</i>	Ages 18 to 34	33.0	-
<i>Age</i>	Ages 35 to 54	33.1	-
<i>Age</i>	Ages 55 to 62	11.9	-
<i>Age</i>	Ages 62 to 69	10.7	44.6
<i>Age</i>	Ages 70 to 74	5.3	22.0
<i>Age</i>	Ages 75 to 79	4.4	18.3
<i>Age</i>	Ages 80 and older	3.6	15.2
Sex	Female	51.6	55.0
<i>Sex</i>	Male	48.4	45.0
Race/ethnicity	White non-Hispanic	64.3	76.4
<i>Race/ethnicity</i>	Black non-Hispanic	11.9	9.3
<i>Race/ethnicity</i>	Other or multiracial non-Hispanic	8.0	5.9
<i>Race/ethnicity</i>	Hispanic	15.8	8.4
Marital status	Married or living with partner	61.9	63.9
<i>Marital status</i>	Never married	22.4	5.7
<i>Marital status</i>	Separated or divorced	10.9	13.0
<i>Marital status</i>	Widowed	4.8	17.4
Employment status	Self employed	7.0	4.1
<i>Employment status</i>	Work for employer/ military	50.5	12.4
<i>Employment status</i>	Retired	20.8	75.6
<i>Employment status</i>	Other	21.6	7.8
Annual household income	Less than \$50,000	38.9	50.9
<i>Annual household income</i>	\$50,000 or more	61.1	49.1
Education level	Less than high school degree	11.7	13.7
<i>Education level</i>	High school degree or GED	29.0	32.7
<i>Education level</i>	Some college/Associates' degree	28.6	24.8
<i>Education level</i>	Bachelors' degree	19.5	16.7
<i>Education level</i>	Graduate or professional degree	11.2	12.2
Census region	Northeast	17.9	18.9
<i>Census region</i>	Midwest	21.0	21.9
<i>Census region</i>	South	37.4	37.1
<i>Census region</i>	West	23.6	22.2

NOTES: Values presented are weighted to account for differential sampling and differential non-response rates and ensure representativeness on geographic and demographic characteristics. Percentages for some categories may not add up to 100 due to rounding or missing values.

Analysis

Tests of differences from the national average: T-tests were used to examine whether observed differences between a given subgroup's mean financial well-being score and the national average are statistically significant.

Tests of differences among subgroups: Analysis of variance (ANOVA) methods and pairwise t-tests were used to examine whether the observed differences between subgroups in mean (average) financial well-being scores are statistically significant. ANOVA provides an omnibus test of whether a significant difference in financial well-being exists among any of the subgroups for a given characteristic. However, for a characteristic that has three or more subgroups (e.g., age group), ANOVA does not indicate which subgroups differ from each other. Thus, when an ANOVA revealed a significant difference in financial well-being for characteristics with three or more subgroups, a series of pairwise post-hoc comparisons (t-tests) were used to pinpoint which subgroups, in fact, differ significantly from each other.

The results of significance testing are presented in the detailed results tables. The tables show differences in means that are significant at the $p < .05$ level. This is commonly interpreted as being 95 percent certain that the differences observed result from true differences in the underlying population.

Limitations of the analysis: The analysis focuses on bivariate relationships between financial well-being and each of the characteristics examined in this report. It does not explore how different combinations of characteristics are related to financial well-being (e.g., how income and employment are jointly associated with financial well-being). Nor does it statistically control for the potential influence of additional variables on the relationship a given characteristic has with financial well-being.

Sample size issues also limited the ability to examine some of the associations. While the study included an oversample of adults 62 and older, in some instances, categories had to be combined in order to provide an acceptable number of observations needed to make comparisons and to assess the significance of the differences in means.

APPENDIX B: DETAILED RESULTS

Financial well-being scores by age

Variable	Group	% in the survey ¹	FWB mean score ₂	Different from ₃	Std. Dev.	10 th PCTL	25 th PCTL	50 th PCTL	75 th PCTL	90 th PCTL	Sample Size
62 and older	Total	100%	60	<i>n/a</i>	14	43	51	59	68	79	2,253
Age Group	18-61 <i>b</i>	76%	52	<i>a</i>	13	35	45	53	61	69	4,136
Age Group	62 and older <i>a</i>	24%	60	<i>b</i>	14	43	51	59	68	79	2,253
Detailed Age Group	62-64 <i>a</i>	17%	57	<i>bc</i>	15	38	48	57	67	77	384
Detailed Age Group	65-69 <i>b</i>	27%	60	<i>a</i>	14	43	51	60	69	79	637
Detailed Age Group	70-74 <i>c</i>	22%	61	<i>a</i>	13	46	53	61	68	79	496
Detailed Age Group	75-79 <i>d</i>	18%	61		14	44	51	60	70	80	427
Detailed Age Group	80 and older <i>e</i>	15%	59		14	41	49	59	68	77	309

Source: Bureau of Consumer Financial Protection, 2016 National Financial Well-Being Survey

¹ Weighted.

² Weighted.

³ A letter (or letters) identifies the subgroup (or subgroups) that differ significantly from the subgroup indicated in the current row (at the $p < .05$ level). For example, for the subgroup designated "a," a letter "b" in this column indicates that the mean financial well-being score for subgroup "b" is significantly different than the mean for subgroup "a."

Financial well-being scores by individual characteristics

Variable	Group	% in the survey ¹	FWB mean score ²	Different from ³	Std. Dev.	10 th PCTL	25 th PCTL	50 th PCTL	75 th PCTL	90 th PCTL	Sample Size
62 and older	Total	100%	60	<i>n/a</i>	14	43	51	59	68	79	2,253
Sex	Male <i>a</i>	45%	61	<i>b</i>	14	44	51	60	69	80	1,091
Sex	Female <i>b</i>	55%	59	<i>a</i>	14	42	50	59	68	78	1,162
Race/ethnicity	White non-Hispanic <i>a</i>	76%	61	<i>bcd</i>	14	44	52	61	70	80	1,795
Race/ethnicity	Black non-Hispanic <i>b</i>	9%	57	<i>a</i>	12	42	49	55	63	73	195
Race/ethnicity	Other or multiracial non-Hispanic <i>c</i>	6%	56	<i>a</i>	16	32	45	58	65	78	110
Race/ethnicity	Hispanic <i>d</i>	8%	54	<i>a</i>	13	40	48	53	62	70	153
Education	Less than high school degree <i>a</i>	14%	51	<i>bcde</i>	12	37	44	50	59	64	127
Education	HS degree /GED <i>b</i>	33%	59	<i>ade</i>	14	42	50	58	67	77	647
Education	Some college or Associates' degree <i>c</i>	25%	59	<i>ade</i>	13	44	51	59	68	77	651
Education	Bachelors' degree <i>d</i>	17%	64	<i>abce</i>	14	47	55	63	73	84	396
Education	Graduate/professional degree <i>e</i>	12%	67	<i>abcd</i>	13	51	58	66	76	84	432
Household income	Less than \$20,000 <i>a</i>	15%	51	<i>cdef</i>	12	36	43	51	59	64	186
Household income	\$20,000 to 29,999 <i>b</i>	14%	53	<i>cdef</i>	12	41	47	53	61	68	221
Household income	\$30,000 to 49,999 <i>c</i>	21%	57	<i>abdef</i>	13	42	49	56	65	74	436
Household income	\$50,000 to 74,999 <i>d</i>	17%	62	<i>abcf</i>	13	48	54	61	70	80	460
Household income	\$75,000 to 99,999 <i>e</i>	11%	64	<i>abcf</i>	13	51	56	63	72	81	370
Household income	\$100,000 or more <i>f</i>	21%	69	<i>abcde</i>	12	54	61	68	77	86	580
Married or living with partner	Yes <i>a</i>	64%	62	<i>b</i>	14	47	53	62	70	80	1,550
Married or living with partner	No <i>b</i>	36%	56	<i>a</i>	14	38	47	54	64	76	703

Source: Bureau of Consumer Financial Protection, 2016 National Financial Well-Being Survey

¹ Weighted.

² Weighted.

³ A letter (or letters) identifies the subgroup (or subgroups) that differ significantly from the subgroup indicated in the current row (at the $p < .05$ level). For example, for the subgroup designated "a," a letter "b" in this column indicates that the mean financial well-being score for subgroup "b" is significantly different than the mean for subgroup "a."

Financial well-being scores by employment and retirement

Variable	Group	% in the survey ¹	FWB mean score ²	Different from ³	Std. Dev.	10 th PCTL	25 th PCTL	50 th PCTL	75 th PCTL	90 th PCTL	Sample Size
62 and older	Total	100%	60	<i>n/a</i>	14	43	51	59	68	79	2,253
Employment status	Retired <i>a</i>	76%	61	<i>c</i>	14	43	51	60	69	80	1,692
Employment status	Working full time or part time <i>b</i>	17%	60	<i>c</i>	13	44	51	59	67	76	409
Employment status	Other <i>c</i>	8%	53	<i>ab</i>	14	32	46	53	62	69	140
Timing of retirement	Earlier than planned <i>a</i>	38%	58	<i>b</i>	15	39	48	57	67	77	642
Timing of retirement	On time <i>b</i>	55%	63	<i>ac</i>	13	48	54	62	72	81	994
Timing of retirement	Later than planned <i>c</i>	7%	57	<i>b</i>	12	44	49	56	63	75	102
Experience job loss or involuntary reduction in work hours	Yes <i>a</i>	6%	50	<i>b</i>	13	34	43	49	57	64	108
Experience job loss or involuntary reduction in work hours	No <i>b</i>	94%	60	<i>a</i>	14	44	51	60	69	79	2,145
Retirement income source	Neither <i>a</i>	23%	52	<i>bc</i>	13	36	42	51	59	68	290
Retirement income source	Defined contribution or defined benefit <i>b</i>	41%	61	<i>ac</i>	14	46	52	60	69	79	725
Retirement income source	Both <i>c</i>	35%	66	<i>ab</i>	12	51	58	65	75	82	726

Source: Bureau of Consumer Financial Protection, 2016 National Financial Well-Being Survey

¹ Weighted.

² Weighted.

³ A letter (or letters) identifies the subgroup (or subgroups) that differ significantly from the subgroup indicated in the current row (at the p<.05 level). For example, for the subgroup designated "a," a letter "b" in this column indicates that the mean financial well-being score for subgroup "b" is significantly different than the mean for subgroup "a."

Financial well-being scores by housing experiences

Variable	Group	% in the survey ¹	FWB mean score ²	Different from ³	Std. Dev.	10 th PCTL	25 th PCTL	50 th PCTL	75 th PCTL	90 th PCTL	Sample Size
62 and older	Total	100%	60	<i>n/a</i>	14	43	51	59	68	79	2,253
Housing status	Own <i>a</i>	81%	62	<i>bc</i>	14	46	53	61	70	80	1,909
Housing status	Rent <i>b</i>	16%	51	<i>a</i>	12	36	44	50	58	65	269
Housing status	Neither rent nor own <i>c</i>	3%	53	<i>a</i>	14	37	47	51	58	72	62
Housing satisfaction	Very satisfied <i>a</i>	62%	64	<i>b</i>	14	47	54	63	73	81	1,461
Housing satisfaction	Less than very satisfied <i>b</i>	38%	54	<i>a</i>	13	37	47	53	61	68	775
Housing cost burden	Low (housing cost 30% or less of annual income) <i>a</i>	79%	62	<i>bc</i>	14	45	53	61	70	81	1,491
Housing cost burden	Medium (housing cost >30% to 50% of annual income) <i>b</i>	12%	52	<i>a</i>	13	37	44	51	59	70	168
Housing cost burden	High (housing cost >50% of annual income) <i>c</i>	9%	52	<i>a</i>	12	34	47	51	59	68	111
Believe there are helpful local services	Strongly disagree <i>a</i>	6%	55	<i>de</i>	15	33	44	55	65	72	122
Believe there are helpful local services	Somewhat disagree <i>b</i>	7%	56	<i>de</i>	12	41	48	55	64	72	161
Believe there are helpful local services	Neither agree nor disagree <i>c</i>	28%	59	<i>e</i>	14	45	51	58	67	78	619
Believe there are helpful local services	Somewhat agree <i>d</i>	37%	60	<i>ab</i>	14	44	51	60	68	79	835
Believe there are helpful local services	Strongly agree <i>e</i>	22%	63	<i>abc</i>	15	44	52	63	72	82	488

Source: Bureau of Consumer Financial Protection, 2016 National Financial Well-Being Survey

¹ Weighted.

² Weighted.

³ A letter (or letters) identifies the subgroup (or subgroups) that differ significantly from the subgroup indicated in the current row (at the p<.05 level). For example, for the subgroup designated "a," a letter "b" in this column indicates that the mean financial well-being score for subgroup "b" is significantly different than the mean for subgroup "a."

Financial well-being scores by debts

Variable	Group	% in the survey ¹	FWB mean score ²	Different from ³	Std. Dev.	10 th PCTL	25 th PCTL	50 th PCTL	75 th PCTL	90 th PCTL	Sample Size
62 and older	Total	100%	60	<i>n/a</i>	14	43	51	59	68	79	2,253
Have credit card debt	Yes <i>a</i>	39%	53	<i>b</i>	12	38	47	53	60	67	815
Have credit card debt	No <i>b</i>	61%	64	<i>a</i>	13	48	55	63	73	81	1,438
Have education debt	Yes <i>a</i>	3%	53	<i>b</i>	14	36	44	52	62	68	65
Have credit card debt	No <i>b</i>	97%	60	<i>a</i>	14	43	51	59	69	79	2,188
Remaining mortgage debt to annual income	Low (50% or less) <i>a</i>	38%	68	<i>bc</i>	12	54	60	67	76	85	679
Remaining mortgage debt to annual income	Medium (>50% to 100%) <i>b</i>	24%	61	<i>ac</i>	12	47	53	61	68	77	325
Remaining mortgage debt to annual income	High (>100%) <i>c</i>	38%	56	<i>ab</i>	14	40	48	56	64	73	507

Source: Bureau of Consumer Financial Protection, 2016 National Financial Well-Being Survey

¹ Weighted.

² Weighted.

³ A letter (or letters) identifies the subgroup (or subgroups) that differ significantly from the subgroup indicated in the current row (at the $p < .05$ level). For example, for the subgroup designated "a," a letter "b" in this column indicates that the mean financial well-being score for subgroup "b" is significantly different than the mean for subgroup "a."

Financial well-being scores by family and living arrangements

Variable	Group	% in the survey ¹	FWB mean score ²	Different from ³	Std. Dev.	10 th PCTL	25 th PCTL	50 th PCTL	75 th PCTL	90 th PCTL	Sample Size
62 and older	Total	100%	60	<i>n/a</i>	14	43	51	59	68	79	2,253
Living arrangement	Lives alone <i>a</i>	27%	57	<i>b</i>	14	39	48	55	65	76	527
Living arrangement	Lives with others <i>b</i>	73%	61	<i>a</i>	14	44	52	61	69	80	1,719
Financially supporting children	Yes <i>a</i>	13%	57	<i>b</i>	14	41	49	56	65	77	294
Financially supporting children	No <i>b</i>	87%	60	<i>a</i>	14	43	51	60	69	79	1,958
Family will give money without expectation of repayment	Yes <i>a</i>	30%	62	<i>b</i>	14	47	53	61	71	81	624
Family will give money without expectation of repayment	No <i>b</i>	67%	59	<i>a</i>	14	42	50	59	68	78	1,519

Source: Bureau of Consumer Financial Protection, 2016 National Financial Well-Being Survey

¹ Weighted.

² Weighted.

³ A letter (or letters) identifies the subgroup (or subgroups) that differ significantly from the subgroup indicated in the current row (at the $p < .05$ level). For example, for the subgroup designated "a," a letter "b" in this column indicates that the mean financial well-being score for subgroup "b" is significantly different than the mean for subgroup "a."

Financial well-being scores by health experiences

Variable	Group	% in the survey ¹	FWB mean score ²	Different from ³	Std. Dev.	10 th PCTL	25 th PCTL	50 th PCTL	75 th PCTL	90 th PCTL	Sample Size
62 and older	Total	100%	60	<i>n/a</i>	14	43	51	59	68	79	2,253
Physical health	Poor or fair health <i>a</i>	22%	52	<i>b</i>	14	36	44	50	60	69	399
Physical health	Good to excellent health <i>b</i>	78%	62	<i>a</i>	14	47	53	61	70	80	1,840
Experience confusion or memory loss	Yes <i>a</i>	14%	56	<i>b</i>	15	39	47	54	65	76	295
Experience confusion or memory loss	No <i>b</i>	86%	61	<i>a</i>	14	44	51	60	69	79	1,949
Experience health emergency	Yes <i>a</i>	16%	57	<i>b</i>	15	37	48	55	65	76	351
Experience health emergency	No <i>b</i>	84%	60	<i>a</i>	14	44	51	60	69	79	1,902

Source: Bureau of Consumer Financial Protection, 2016 National Financial Well-Being Survey

¹ Weighted.

² Weighted.

³ A letter (or letters) identifies the subgroup (or subgroups) that differ significantly from the subgroup indicated in the current row (at the $p < .05$ level). For example, for the subgroup designated "a," a letter "b" in this column indicates that the mean financial well-being score for subgroup "b" is significantly different than the mean for subgroup "a."

Financial well-being scores by financial knowledge, skill and behaviors

Variable	Group	% in the survey ¹	FWB mean score ²	Different from ³	Std. Dev.	10 th PCTL	25 th PCTL	50 th PCTL	75 th PCTL	90 th PCTL	Sample Size
62 and older	Total	100%	60	<i>n/a</i>	14	43	51	59	68	79	2,253
Financial knowledge (questions answered correctly)	High knowledge (3 of 3 correct) <i>a</i>	66%	62	<i>b</i>	14	46	53	61	71	80	1,606
Financial knowledge (questions answered correctly)	Lower knowledge (fewer than 3 correct) <i>b</i>	34%	56	<i>a</i>	14	39	48	55	63	74	647
Financial skill	Above median level <i>a</i>	53%	66	<i>b</i>	14	50	58	65	75	84	1,295
Financial skill	At or below median level <i>b</i>	47%	53	<i>a</i>	12	39	47	53	60	68	958
Effective day-to-day money management behaviors	Above median level <i>a</i>	64%	65	<i>b</i>	13	50	56	63	72	81	1,540
Effective day-to-day money management behaviors	At or below median level <i>b</i>	36%	52	<i>a</i>	13	36	44	51	59	67	713
Have a habit of saving	Yes <i>a</i>	57%	65	<i>b</i>	13	49	56	63	74	82	1,367
Have a habit of saving	No <i>b</i>	43%	53	<i>a</i>	12	38	46	53	61	68	884
Propensity to plan for finances	Above median level <i>a</i>	52%	61	<i>b</i>	14	45	52	60	69	79	1,185
Propensity to plan for finances	At or below median level <i>b</i>	48%	59	<i>a</i>	14	41	49	58	68	79	1,068
Planning horizon of 5+ years	Yes <i>a</i>	40%	65	<i>b</i>	14	48	57	64	74	84	974
Planning horizon of 5+ years	No <i>b</i>	60%	56	<i>a</i>	13	41	49	55	64	74	1,254

Source: Bureau of Consumer Financial Protection, 2016 National Financial Well-Being Survey

¹ Weighted.

² Weighted.

³ A letter (or letters) identifies the subgroup (or subgroups) that differ significantly from the subgroup indicated in the current row (at the p<.05 level). For example, for the subgroup designated “a,” a letter “b” in this column indicates that the mean financial well-being score for subgroup “b” is significantly different than the mean for subgroup “a.”

APPENDIX C: RESOURCES

Reports

Pathways to financial well-being: Research Brief (September 2018): This report presents the findings of a study that examined the associations between financial capability factors (i.e., financial knowledge, skill, and behavior), financial situation, and financial well-being.

consumerfinance.gov/data-research/research-reports/pathways-financial-well-being/

Financial well-being in America (September 2017): This report presents the first results from the National Financial Well-Being Survey, a nationwide survey on the financial well-being of adults in the U.S. conducted in late 2016.

consumerfinance.gov/data-research/research-reports/financial-well-being-america/

Financial Well-Being Scale: Scale development technical report (May 2017): This report is designed to serve as a resource for researchers and others who seek the technical details related to the development of the CFPB's Financial Well-Being Scale and the scoring procedures, including the scoring rubric and the reliability of scores derived from its use.

consumerfinance.gov/data-research/research-reports/financial-well-being-technical-report/

Measuring financial well-being: A guide to using the Financial Well-Being Scale (December 2015): This guide describes the research behind the CFPB Financial Well-Being Scale – a tool to measure individual financial well-being – and provides detailed steps for using it, including how to score individuals' responses and compare their scores.

consumerfinance.gov/data-research/research-reports/financial-well-being-scale/

Consumer Tool

Find out your financial well-being: This interactive consumer tool allows people to answer 10 questions and see a financial well-being score. They can compare their score to national averages, overall and by age, income, and employment status, and see selected resources that may be able to help them address money issues that support their own life goals.

consumerfinance.gov/consumer-tools/financial-well-being/