

## States Ranked Most and Least Likely to Engage in Key Measures of Financial Capability

### Making Ends Meet

Individuals who report spending more than their household income (not including the purchase of a new home, car or other big investment) are not saving. In addition, individuals who spend about the same as their income are breaking even. Only those who spend less than their household income are able to save. Individuals who are not balancing monthly income and expenses may find themselves struggling to make ends meet.

#### *Spending vs. Saving*

Spend less than income		
1	District of Columbia	47.0%
2	New Jersey	46.5%
3	California	45.7%
4	Massachusetts	45.5%
5	Florida	44.0%
5	South Carolina	44.0%
US Average		40.9%

Spend less than income		
1	Idaho	34.3%
2	Wyoming	34.5%
3	Oklahoma	35.9%
4	Rhode Island	36.0%
5	West Virginia	36.1%
US Average		40.9%

With the high costs of medical care many Americans face significant medical bills in addition to their typical monthly expenses, even for some of those with health insurance. Medical bills that become past due can also hurt one's credit score. The piling up of medical debt can make it even harder for Americans to make ends meet today and to plan their financial future.

#### *Medical Debt*

Have overdue medical bills		
1	Hawaii	13.6%
2	California	14.5%
3	Massachusetts	17.3%
4	New Jersey	19.2%
5	District of Columbia	20.3%
US Average		25.9%

Have overdue medical bills		
1	Mississippi	41.4%
2	North Carolina	36.4%
3	Kentucky	35.3%
4	Arkansas	34.2%
5	West Virginia	33.0%
US Average		25.9%

## Planning Ahead

Individuals who have a “rainy day” fund demonstrate that they are planning ahead for their financial future. Those who lack a “rainy day” fund, however, do not have money set aside to cover expenses for three months, in case of emergencies such as sickness, job loss or economic downturn. Individuals without this emergency savings lack a buffer against unexpected financial shocks, threatening their personal financial stability, as well as decreasing the stability of the economy as a whole.

### Rainy Day Funds

Have emergency funds		
1	New York	49.0%
2	Massachusetts	46.7%
3	North Dakota	45.8%
4	California	45.4%
5	New Jersey	44.9%
US Average		39.8%

Do not have emergency funds		
1	Mississippi	63.6%
2	Indiana	63.1%
3	New Mexico	62.8%
4	Kentucky	62.2%
4	Vermont	62.2%
US Average		55.8%

## Managing Financial Products

Numerous Americans have engaged in non-bank borrowing within the past five years, such as taking out an auto title loan or a payday loan, getting an advance on a tax refund or using a pawn shop or rent-to-own store. Non-bank borrowing methods are likely to come with high interest rates, and often attract individuals with poor credit histories, lack of access to more traditional sources of credit, or both. Sound borrowing practices and management of financial products are crucial to financial capability.

### Non-Bank Borrowing

Have used one or more non-bank borrowing methods		
1	New Jersey	16.4%
2	New Hampshire	17.3%
3	Hawaii	18.5%
4	Massachusetts	19.8%
5	Vermont	21.8%
US Average		29.7%

Have used one or more non-bank borrowing methods		
1	Oklahoma	40.5%
2	Nevada	40.0%
3	South Carolina	39.9%
4	Texas	38.9%
5	Kentucky	38.7%
US Average		29.7%

By only paying the minimum amount due each month on a credit card, consumers are increasing their borrowing costs. This practice can also negatively impact one's credit score. Consumers must understand how to manage credit and that paying only the minimum on credit cards can result in a long-term drain on their finances and borrowing ability.

### Credit Card Behaviors

Paid minimum on credit cards		
1	South Dakota	25.2%
2	Iowa	26.9%
3	Florida	27.1%
4	Oklahoma	27.7%
5	New Hampshire	28.9%
US Average		34.3%

Paid minimum on credit cards		
1	Nevada	41.3%
2	Arkansas	41.1%
2	Mississippi	41.1%
4	Ohio	40.6%
5	Kansas	40.2%
US Average		34.3%

## Home & Mortgages

Having an underwater mortgage, meaning the balance on a mortgage is higher than the value of a home, can keep many Americans away from the key financial benefits of owning a home. If an individual has an underwater mortgage, they will have to pay the difference if they sell their home, and may find refinancing their mortgage difficult. When one enters into a mortgage contract, it is critical to realistically consider both mortgage payments relative to income and to understand the impact that volatility in the housing market can have on the value of one's home.

Home "underwater" (negative equity)		
1	Oklahoma	5.7%
2	North Dakota	6.0%
3	Maine	6.5%
4	South Dakota	6.6%
4	Vermont	6.6%
US Average		14.5%

Home "underwater" (negative equity)		
1	Nevada	35.4%
2	Arizona	24.4%
3	California	24.1%
4	Washington	22.3%
5	Georgia	21.3%
US Average		14.5%

## Financial Knowledge and Decision-Making

### Financial Literacy

Study participants were asked five questions covering aspects of economics and finance encountered in everyday life, such as compound interest, inflation, principles relating to risk and diversification, the relationship between bond prices and interest rates, and the impact that a shorter term can have on total interest payments over the life of a mortgage. Individuals need at least a fundamental level of financial knowledge. This knowledge, paired with financial decision-making skills, can best ensure an individual's financial capability.

Average number of correct answers		
1	Utah	3.23
2	Montana	3.19
3	Wyoming	3.18
4	Idaho	3.16
5	Colorado	3.13
US Average		2.88

Average number of correct answers		
1	Mississippi	2.53
2	Louisiana	2.67
3	Arkansas	2.70
4	Ohio	2.71
5	New York	2.72
US Average		2.88

### Comparison Shopping

Most Americans do not compare offers or collect information from more than one company when shopping for credit cards. This practice suggests a gap in applying financial decision-making skills to real life situations. Not performing basic research when shopping for credit cards can result in higher interest rates and, consequently, higher borrowing costs.

Compared credit cards		
1	District of Columbia	43.1%
2	Tennessee	37.8%
3	Missouri	37.1%
4	Vermont	36.9%
4	Montana	36.9%
US Average		33.0%

Did not compare credit cards		
1	Minnesota	69.4%
2	South Dakota	67.8%
3	Kentucky	65.5%
4	Oklahoma	65.4%
5	New Mexico	65.2%
US Average		60.6%