

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	North Dakota 47.9%
2	District of Columbia 45.8%
3	Hawaii 45.4%
4	South Dakota 44.5%
4	New Jersey 44.5%
4	Virginia 44.5%
	US Average 41.0%

Spend less than income	
1	Pennsylvania 36.4%
2	Texas 36.8%
3	Nevada 37.4%
4	Idaho 38.0%
5	Georgia 38.1%
	US Average 41.0%

Medical Debt

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.

Have overdue medical bills	
1	Hawaii 13.4%
2	District of Columbia 14.2%
3	California 14.3%
4	New Mexico 15.1%
5	New Jersey 16.2%
5	Connecticut 16.2%
	US Average 22.7%

Have overdue medical bills	
1	Mississippi 40.9%
2	South Carolina 31.4%
3	West Virginia 31.2%
4	Georgia 29.9%
5	Texas 29.0%
5	Arkansas 29.0%
	US Average 22.7%

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	Hawaii	58.2%
2	District of Columbia	54.7%
3	New York	52.6%
4	Massachusetts	52.3%
5	Minnesota	52.0%
US Average		48.5%

Do not have emergency funds		
1	Tennessee	54.9%
2	West Virginia	53.2%
3	Oklahoma	52.8%
4	Idaho	52.7%
5	Ohio	49.6%
US Average		46.4%

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	Hawaii	17.2%
2	New Hampshire	19.5%
3	Maine	20.4%
4	Pennsylvania	20.7%
5	Vermont	21.9%
US Average		28.8%

Have used one or more non-bank borrowing methods		
1	Texas	41.0%
2	Louisiana	40.9%
3	Mississippi	40.6%
4	Alabama	37.6%
5	Wyoming	35.8%
5	Kentucky	35.8%
US Average		28.8%

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	New York	27.6%
2	Iowa	28.5%
3	Wisconsin	29.0%
4	Illinois	29.3%
5	Hawaii	29.5%
US Average		35.2%

Paid minimum on credit cards		
1	Mississippi	46.3%
2	Louisiana	44.2%
3	Idaho	41.8%
4	Georgia	40.9%
5	Kentucky	40.6%
5	West Virginia	40.6%
US Average		35.2%

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 Utah	1.7%
2 New Mexico	4.3%
3 Nebraska	4.4%
4 Colorado	4.6%
5 Idaho	5.0%
5 Montana	5.0%
US Average	9.0%

Home "underwater" (negative equity)	
1 Mississippi	17.8%
2 Alaska	15.1%
3 Georgia	14.3%
4 Louisiana	13.7%
5 Alabama	12.5%
US Average	9.0%

Financial Knowledge and Decision-Making

Financial Literacy

Study participants were asked six 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 Nebraska	3.37
1 Utah	3.37
3 New Hampshire	3.33
4 South Dakota	3.31
5 Montana	3.30
US Average	3.00

Average number of correct answers	
1 Georgia	2.73
2 Mississippi	2.75
3 Alabama	2.77
4 Louisiana	2.80
5 West Virginia	2.81
US Average	3.00

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	45.5%
2 Mississippi	45.2%
3 Arkansas	44.4%
4 Alabama	42.7%
5 New York	42.6%
US Average	37.8%

Did not compare credit cards	
1 Montana	62.5%
2 New Mexico	60.4%
2 Iowa	60.4%
4 Nevada	60.3%
4 North Dakota	60.3%
4 Idaho	60.3%
US Average	56.1%