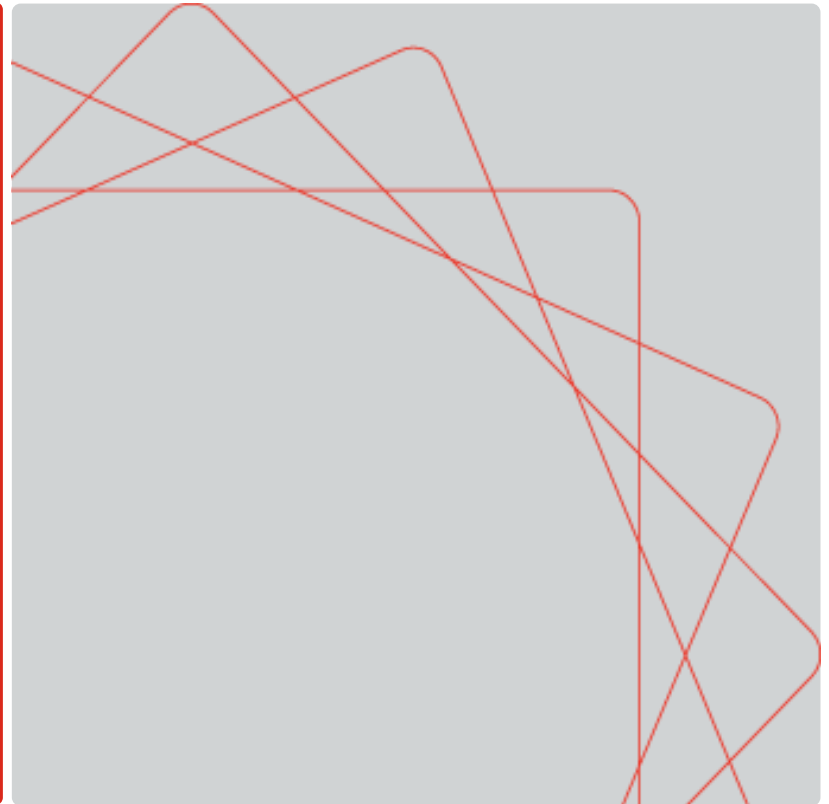




**Everything You
Wanted to Know
about CFPB's
National
Financial Well-
Being Scale**



Welcome and Introduction



- Brief orientation:
 - CFPB’s Financial Well-Being Scale
 - Financial Well-Being Score
 - Current research on financial well-being

Roadmap



- Background on the Financial Well-Being Definition
- The 10-item Financial Well-Being Scale
- The Financial Well-Being Score
- Interpreting the score
- Other resources

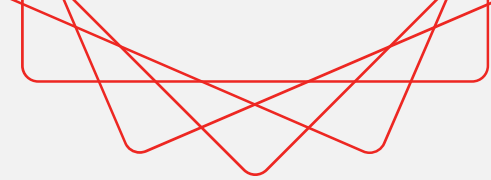
What is Financial Well-Being



- Ultimate goal of financial education is to improve “financial well-being.”
- Financial well-being is a *“state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future and is able to make choices that allow them to enjoy life.”*
- The Four Elements of Financial Well-Being:

	PRESENT	FUTURE
Security	Control over your day-to-day, month-to-month finances	Capacity to absorb a financial shock
Freedom of Choice	Financial freedom to make choices to enjoy life	On track to meet your financial goals

How do you measure financial well-being?



- 1) The Financial Well-Being Scale** :10 questions or “items”
- 2) The Financial Well-Being Score**: translates the responses from the scale to a score from 0-100

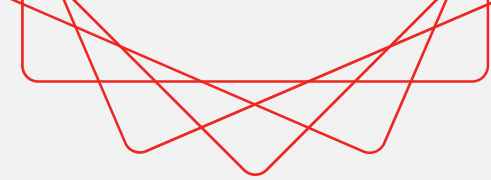
How do you measure financial well-being?



The Financial Well-Being Scale :10 questions or “items”

Questions	Response Options
How well does this statement describe you or your situation?	
1. I could handle a major unexpected expense	• Completely
2. I am securing my financial future	• Very well
3. Because of my money situation, I feel like I will never have the things I want in life*	• Somewhat
4. I can enjoy life because of the way I'm managing my money	• Very little
5. I am just getting by financially*	• Not at all
6. I am concerned that the money I have or will save won't last*	
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
* Denotes questions for which the response options are “reverse coded”	

How do you measure financial well-being?



The Financial Well-Being Score:

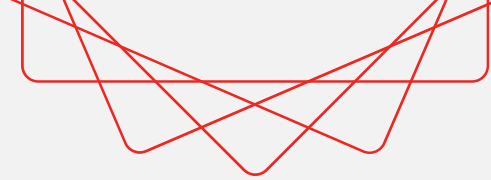
- Calculated using Item Response Theory (IRT) or a look-up table
- FWB score is between 0-100 and is normally distributed
- Allows apples-to-apples comparison between individuals and over time

Interpreting the Score: Benchmarks

Score ranges

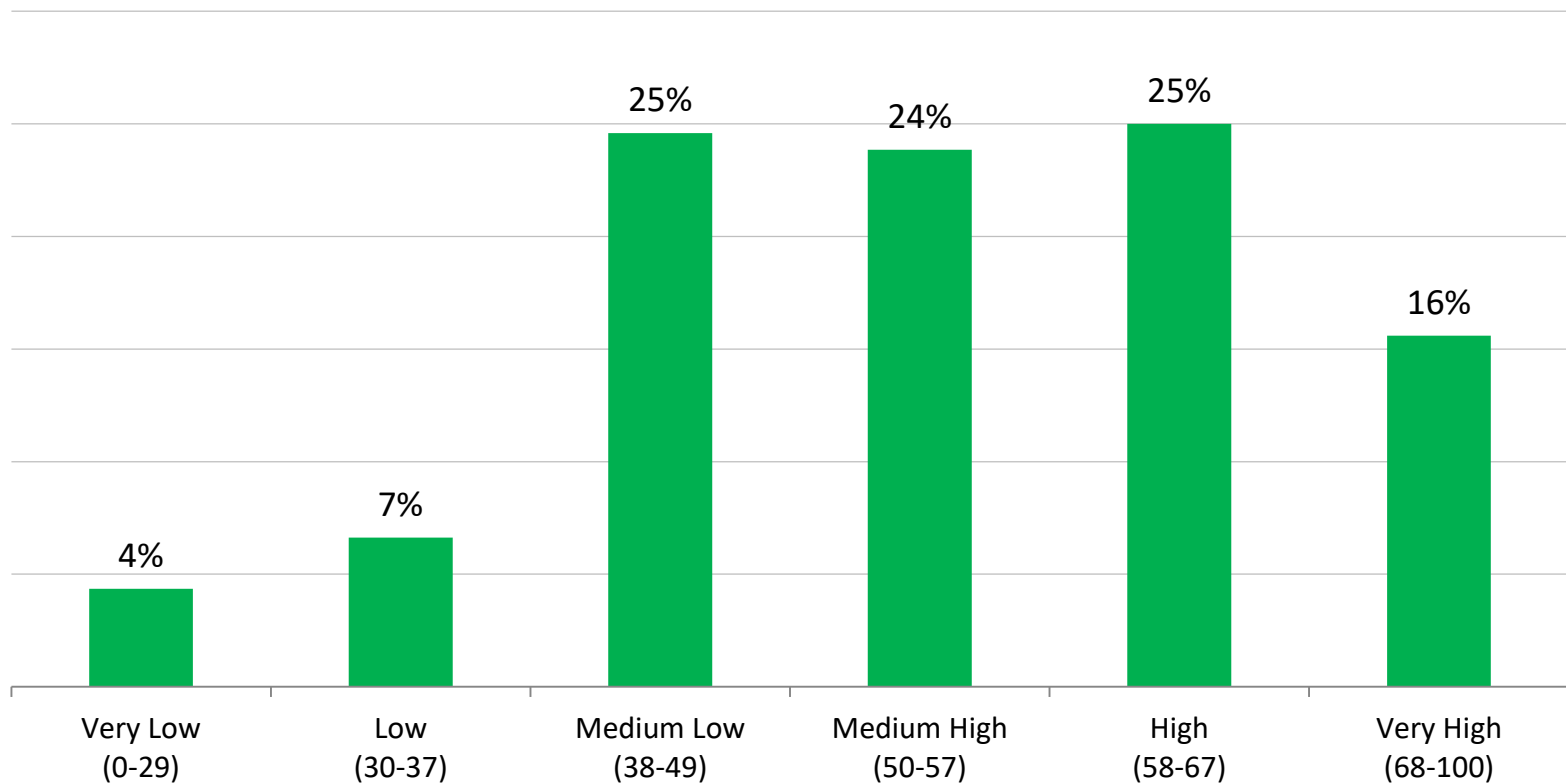
VERY LOW 0-29	LOW 30-37	MEDIUM LOW 38-49	MEDIUM HIGH 50-57	HIGH 58-67	VERY HIGH 68-100
People in these ranges tend to experience the following:					
<ul style="list-style-type: none">▪ Just 5% are certain they could come up with \$2,000 for an emergency.▪ Most (82%) sometimes or often experience food insecurity or food hardship.▪ Almost all (96%) find it somewhat or very difficult to make ends meet.	<ul style="list-style-type: none">▪ Few (23%) habitually save and only some (38%) have more than \$250 in liquid savings▪ Just 12% always stay on budget▪ Nearly half (45%) have experience with debt collectors.	<ul style="list-style-type: none">▪ Most (60%) have minimal savings of \$250 or more, but only 30% have \$2,000 or more▪ Almost all (80%) find it somewhat or very difficult to make ends meet.▪ Some (32%) have had a credit application rejected or are concerned about credit rejection.	<ul style="list-style-type: none">▪ More than half (55%) have automated deposits into a savings or retirement account.▪ A minority (32%) always pay off credit cards in full.▪ Few (16%) sometimes or often experience food insecurity or hardship.	<ul style="list-style-type: none">▪ The vast majority (81%) are certain they could come up with \$2,000 for an emergency.▪ Just 35% always stay on budget.▪ Very few (6%) have experienced a credit rejection or are concerned about credit rejection.	<ul style="list-style-type: none">▪ Most have high levels of savings; 80% have \$10,000 or more in liquid savings.▪ The majority (69%) make automated deposits into a savings or retirement account.▪ Most (81%) have health insurance.

Interpreting the Score: Context



Distribution of Financial Well-Being Scores

Mean	10th percentile	25th percentile	50th percentile	75th percentile	90th percentile
54	37	46	54	63	72



Financial Well-Being Resources



CFPB's New Financial Well-Being Hub:

- Background on FWB scale and score
- Research Reports using the score
- Financial Well-Being Toolkit
- National Financial Well-Being Survey Data

Visit:

www.consumerfinance.gov/practitioner-resources/financial-well-being-resources/

Financial well-being resources

Financial well-being is the ultimate goal of financial education. To help people improve their financial well-being, you first must be able to measure it.

Financial well-being describes a condition wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow them to enjoy life. It's determined by the extent to which people feel that they:

- Have control over day-to-day, month-to-month finances
- Have the capacity to absorb a financial shock
- Are on track to meet his or her financial goals
- Have the financial freedom to make the choices that allow one to enjoy life



Get started measuring financial well-being

The toolkit provides an introduction to the financial well-being scale, with instructions, case studies, and other resources.

[Download the toolkit for financial educators](#)

Measure and score financial well-being

The financial well-being scale is a free tool to help you measure your client's financial well-being.

[Share the quiz with people you serve](#)

Integrate the financial well-being scale into your program

Financial education organizations are using the financial well-being scale in a variety of ways to improve their services and programs.

FINANCIAL SKILL SCALE

Measure how well a person has developed three key skills that apply to money decisions.

[Read the report](#)

DATA ON FINANCIAL WELL-BEING IN AMERICA

Explore and download data from the 2016 national survey.

[View the data](#)

FINANCIAL WELL-BEING REPORTS

Catch up on background and research on the state of financial well-being and how people can improve it.

[Financial well-being in America](#)

[Financial well-being: The goal of financial education](#)

[Pathways to financial well-being](#)

Thank you!



Additional Resources:

- National Financial Well-Being Survey Data available at:
<https://www.consumerfinance.gov/data-research/financial-well-being-survey-data/>
- Companion webinar on Using the CFPB's Financial Well-Being Survey Public Use Dataset at <http://financialwellbeing.abtmeetings.com/>