



HOUSEHOLD CFO SURVEY EXECUTIVE SUMMARY

Overview

Based on a national online survey of 1,000 respondents, the “Household CFO,” or person who is primarily responsible for the household financial management, is more likely to be female than male and married or in a committed relationship. Most are employed full-time, own a home, and have some college education or a college degree. The Household CFO’s typical responsibilities include day-to-day financial tasks, such as maintaining checking accounts, reviewing credit card statements, establishing a budget, paying bills, and managing a savings plan.

Overall, Household CFOs indicated that they are confident in handling basic, daily tasks related to household finances, but struggle in preparing for long-term financial savings and success. In general, Household CFOs are not seeking assistance from professionals or financial training programs.

In anticipation of a significant life event, nearly one in three respondents have not made *any* financial preparations, such as purchasing life insurance, medical/disability insurance, homeowner’s insurance or renter’s insurance, creating an emergency savings fund or preparing a trust/will. However, nearly half have experienced extenuating circumstances within their household in the past 12 months that negatively affected their finances.

This deficit in preparation can be attributed to a lack of time, knowledge, and/or money. As a result, Household CFOs spend a large amount of time managing finances, but feel only average in their knowledge of financial issues that affect them and/or their family. Surprisingly, even college-educated Household CFOs feel only average in their knowledge and performance in managing financial issues.

While Household CFOs are concerned with current financial issues, they are not utilizing tools and information to prepare for or avoid them. In fact, one in six does not have *any* financial goals or long-term plans in place, including a budget, financial goals, retirement savings plan, will, investment portfolio or any kind of emergency fund or savings.

Key Findings

Knowledge

While Household CFOs have access to more complex financial tools and knowledge to prepare for long-term financial health, they fail to take full advantage of available resources:

- Seventy percent of Household CFOs have never participated in training related to managing personal and/or household finances, and more than 80 percent have not paid a professional to assist in financial matters.

- Twenty percent of Household CFOs do not have a system to manage finances, and nearly half have not checked their credit score in the past year.

Confidence

As noted, Household CFOs feel confident in their knowledge of basic financial issues and performance of financial tasks; however, they struggle with long-term planning, which involves more complicated tasks and tools:

- Nearly half of Household CFOs rate themselves as “Below Average” or “Average” in knowledge of financial issues that affect them and/or their families.
- While Household CFOs are educated, a large percentage is not fully confident in their knowledge and performance when handling financial matters. Forty-three percent of Household CFOs with a college degree rate themselves as “Average” on their knowledge of financial issues; 53 percent of Household CFOs who have completed some college rate themselves as “Average”.
- One-third of Household CFOs noted debt as a significant financial concern. One in five reported unemployment as a concern.

Preparedness

Household CFOs are not positioned for long-term financial success or prepared to adequately handle unexpected short-term financial circumstances:

- Two out of three Household CFOs do not have an emergency savings fund. Nearly one-third rated themselves as “Below Average” or “Poor” in planning for emergencies.
- Two out of five do not have a retirement savings plan, yet 70 percent of the sample is above the age of 35.
- Seventy-four percent of Household CFOs do not have a weekly budget; 62 percent do not have a monthly budget; 88 percent do not have a one-year financial goal; and 90 percent do not have a five-year financial goal.
- Ninety-one percent do not have a college savings plan for dependents. Almost one third of respondents rated themselves as “Below Average” or “Poor” in planning/saving for their children’s education.

Motivation

Across all income levels, Household CFOs’ top overall concerns are rising costs, emergency savings and retirement. Overall, Household CFOs are less likely to be concerned with the impact of financial factors they cannot control, such as recession or unemployment:

- Nearly half of Household CFOs have experienced a significant event in the past year that affected financial stability. Nearly 30 percent have experienced an increased amount of debt; 28 percent have experienced a medical emergency or change in health status; and 16 percent reported a job loss.
- Some respondents indicated a lack of disposable funds for emergency savings and retirement plans.
- Also of note, nearly 12 percent of Household CFOs have seven or more credit cards.

FULL SURVEY RESULTS HOUSEHOLD CFO DEMOGRAPHIC PROFILE

Age

Household CFOs are represented evenly across ages 25 through 55. According to the 2007 U.S. Census Bureau population estimate, the age distribution represented in this survey mirrors American population estimates.

- 25-35	30.8 percent
- 36-45	33.6 percent
- 46-55	35.6 percent

Gender

Household CFOs skew female with 73 percent female respondents. This is approximately 20 percent higher than the American population, according to the 2007 U.S. Census Bureau population estimate.

- Female	73.1 percent
- Male	26.9 percent

Race/Ethnic Identity

The majority of Household CFOs identify themselves as Caucasian or African American. This closely mirrors American population estimates, according to the 2007 U.S. Census Bureau population estimate (Caucasian/White: 80 percent; Black/African American: 13 percent; Asian: 4 percent; Hispanic/Latino: 15 percent; American Indian/Alaska Native: 1 percent; Native Hawaiian/Other Pacific Islander: .1 percent). However, it should be noted that the estimate for the Hispanic or Latino population is not fully represented.

- Caucasian or White	71 percent
- Black or African American	20 percent
- Asian	3.4 percent
- Hispanic or Latino	3.2 percent
- American Indian or Alaska Native	1.2 percent
- Other	1.4 percent
- Native Hawaiian or Other Pacific Islander	.1 percent

Marital Status

The majority of Household CFOs are married or in a committed relationship. These statistics are comparable to the American population, according to the U.S. Census Bureau's 2006 American Community Survey (Married/Committed Relationship: 50 percent; Single: 31 percent; Divorced: 11 percent; Widowed: 6 percent).

- Married/Committed Relationship	60.2 percent
- Single	25.9 percent
- Divorced	12 percent
- Widowed	1.9 percent

Household Income (before taxes)

Nearly half of Household CFOs make \$40,000 or less per year. According to the U.S. Census Bureau's 2006 Population Survey, the median income for American households is \$48,451.

- Less than \$25,000	24.7 percent
- \$25,000 - \$40,000	23.2 percent
- \$41,000 - \$60,000	20 percent
- \$61,000 - \$80,000	13.8 percent
- \$81,000 - \$100,000	8.5 percent
- \$101,000 - \$150,000	6.8 percent
- Over \$150,000	3 percent

Homeownership

Majority of Household CFOs are homeowners. The "Neither" category relates to persons who live with a family member or friend. According to the U.S. Census Bureau's 2006 American Community Survey, the Household CFO homeownership rates are comparable to the American population. However, nearly 7 percent more Household CFOs rent than the national average (Own: 67 percent; Rent: 32 percent).

- Own	57.1 percent
- Rent	38.8 percent
- Neither	4.1 percent

Dependents

Nearly 44 percent of Household CFOs identified themselves as having children.

- None	56.6 percent
- 1	19.3 percent
- 2	15.8 percent
- 3	6 percent
- 4	1.5 percent
- 5 or more	0.8 percent

Employment Status

Majority of Household CFOs are employed full-time or part-time.

- Employed full-time	50.4 percent
- Employed part-time	11 percent
- Homemaker	17.6 percent
- Currently unemployed	13 percent
- Full-time student	1.8 percent
- Retired	6.2 percent

Education

The majority (58.8 percent) of Household CFOs has completed some college or have a college degree. When compared with national statistics, Household CFOs are more educated. According to the U.S. Census Bureau's 2007 Educational Attainment report, American statistics are as follows: Some high school: 14 percent; High school degree: 31 percent; Technical/trade degree: 8 percent; Some college: 19 percent; College degree: 17 percent; Masters or Doctorate Degree: 9 percent.

- Some high school	2.6 percent
- High school degree	21.4 percent
- Technical/trade school degree	7.9 percent
- Some college	29.8 percent
- College degree	29 percent
- Masters or Doctorate Degree	9.3 percent

Responsibilities

- Paying bills - mortgage/rent, car loans, utilities, insurance premiums, credit cards, etc.	95.1 percent
- Maintaining and balancing checking account(s)	85.1 percent
- Reviewing credit statements, bank statements, etc.	83.7 percent
- Establishing and maintaining household budget	82.3 percent
- Managing and tracking daily expenditures	73.1 percent
- Tracking tax-related receipts, preparing and filing taxes	66.8 percent
- Establishing and maintaining savings plan and accounts	61.5 percent
- Researching and making major household purchases	58.7 percent
- Evaluating and selecting insurance providers and policies	52.5 percent
- Coordinating household maintenance and upgrades	48.5 percent
- Conducting ongoing research on personal finances	36.1 percent
- Selecting and managing retirement accounts	33.9 percent
- Coordinating charitable contributions	31.2 percent
- Consulting with financial advisors, tax preparers, credit counselors, etc.	30.6 percent
- Establishing and managing allowances for children	27.2 percent
- Managing and tracking investment portfolio(s)	25.7 percent
- Creating and regularly updating wills	22.6 percent
- Setting up and maintaining college savings plans for children	22.5 percent
- Managing a home-based business	18.9 percent
- Managing rental properties	9.3 percent

Spousal Responsibilities

- Coordinating household maintenance and upgrades	38.54 percent
- Researching and making major household purchases	21.26 percent

- Tracking tax-related receipts, preparing and filing taxes	19.60 percent
- Paying bills - mortgage/rent, car loans, utilities, insurance premiums, credit cards, etc.	17.94 percent
- Selecting and managing retirement accounts	17.94 percent
- Evaluating and selecting insurance providers and policies	13.46 percent
- Consulting with financial advisors, tax preparers, credit counselors, etc.	13.29 percent
- Managing and tracking daily expenditures	12.79 percent
- Managing and tracking investment portfolio(s)	12.79 percent
- Maintaining and balancing checking account(s)	11.79 percent
- Establishing and maintaining household budget	11.13 percent
- Reviewing credit statements, bank statements, etc.	11.46 percent
- Coordinating charitable contributions	10.47 percent
- Establishing and managing allowances for children	9.97 percent
- Establishing and maintaining savings plan and accounts	9.80 percent
- Creating and regularly updating wills	9.47 percent
- Managing a home-based business	7.97 percent
- Conducting ongoing research on personal finances	6.81 percent
- Setting up and maintaining college savings plans for children	6.64 percent
- Managing rental properties	4.98 percent

Time Commitment

About 68 percent of Household CFOs spend 1-6 hours per week performing responsibilities related to financial tasks.

- Less than 1 hour per week	18.5 percent
- 1-3 hours per week	48.9 percent
- 4-6 hours per week	19.4 percent
- 7-10 hours per week	6.5 percent
- More than 10 hours per week	6.7 percent

KNOWLEDGE/FINANCIAL TOOLS

Professional Assistance

The majority of Household CFOs have not paid a professional to assist in their financial matters.

- No	82.60 percent
- Yes	17.40 percent

Of those who sought assistance of a professional, a majority worked with a tax preparer.

- Tax preparer (can include companies such as H&R Block)	55.17 percent
- Financial advisor/planner	34.48 percent
- Accountant/Bookkeeper	33.91 percent
- Insurance agent	17.82 percent
- Attorney/Lawyer	13.79 percent
- Mortgage lender/Real estate broker	9.77 percent
- Credit counselor	4.02 percent
- Small business coach	2.87 percent
- Other	1.72 percent

Financial Training

Seventy percent of Household CFOs have never participated in training related to managing personal and/or household finances.

- I have never participated in training related to managing personal/household finances.	70 percent
- College-level course(s)	16.1 percent
- Seminar/workshop	12.1 percent
- Workbook	6 percent
- Online course or program	5.1 percent
- Through a community organization	4.9 percent
- Other	3.2 percent
- Instructional video	2.8 percent
- Live or recorded online webinar	2.4 percent

Financial Tools

Household CFOs are prepared with the basic financial tools: checking accounts, savings accounts and credit cards; however, they lack many of the tools that ensure long-term financial stability, such as retirement accounts and trust/wills.

- Checking	94.5 percent
- Savings	77.1 percent
- Credit card	75.9 percent
- Retirement (401(k), Roth IRA, etc.)	56.1 percent
- Insurance portfolio (disability, umbrella, mortgage, life, etc.)	43.6 percent
- Investment portfolio (bonds, CDs, etc.)	27 percent
- Trust/will	21.3 percent
- Business checking account (for a home-based business)	8.3 percent
- Business credit card (for a home-based business)	6.8 percent
- Other	2.9 percent

Of those who have retirement accounts (56.1 percent), the breakdown of type of account is as follows:

- Simple IRA	30.12 percent
- Roth IRA	24.42 percent
- Other IRA	5.17 percent
- 401(k)	69.88 percent
- 403 (b)	8.38 percent
- 457 (deferred compensation plan)	3.57 percent
- Profit sharing	11.41 percent
- Company pension	25.67 percent
- Other	3.03 percent

Financial Liabilities – Credit Cards

Nearly 12 percent of Household CFOs have seven or more credit cards.

- 1-3	60.21 percent
- 4-6	28.06 percent
- 7-10	7.77 percent
- More than 10	3.95 percent

Resources

Household CFOs get information from the following sources (in order of rank): Web sites, Family members, Newspapers, Television programs, Books/Magazines, Friends, Financial Advisors, Radio Programs, Other.

CONFIDENCE

Knowledge of Financial Issues

Half of Household CFOs rate themselves as “Below Average” or “Average” in knowledge of financial issues that affect them and their families.

- Poor	0.6 percent
- Below average	6.2 percent
- Average	44.1 percent

- Above average 36.3 percent
- Excellent 12.8 percent

When asked to rate their performance on specific financial tasks, Household CFOs responded as outlined below. Overall, Household CFOs feel “Average” or “Above Average” in their performance of day-to-day financial tasks, but struggle with the more complicated tasks related to long-term financial health.

Creating/managing the household budget

- Poor 1.6 percent
- Below average 7.6 percent
- Average 41 percent
- Above average 32.8 percent
- Excellent 17 percent

Managing monthly finances (paying bills, balancing checkbook, etc.)

- Poor 0.8 percent
- Below average 2.9 percent
- Average 34.1 percent
- Above average 33.8 percent
- Excellent 28.4 percent

Planning/saving for children's education

- Poor 13.4 percent
- Below average 14.7 percent
- Average 46.6 percent
- Above average 15.4 percent
- Excellent 9.9 percent

Planning/saving for retirement

- Poor 8.7 percent
- Below average 19.9 percent
- Average 41.6 percent
- Above average 18.9 percent
- Excellent 10.9 percent

Planning/saving for an emergency (medical, loss of job, death in family, etc.)

- Poor 8.9 percent
- Below average 20.9 percent
- Average 39.9 percent
- Above average 20.2 percent
- Excellent 10.1 percent

PREPAREDNESS

Credit Score

Nearly half of CFOs have not checked their credit score within the past year.

- Checked credit score 55.50 percent
- Have not checked credit score 44.50 percent

Methodology

More than one-third of Household CFOs manage their finances by using “Handwritten records” (37 percent); 22 percent of Household CFOs use online tools. Additionally, 20 percent of Household CFOs do not have a system to manage finances.

- I manage my finances by handwritten records 36.90 percent
- I manage my finances using online tools 21.50 percent
- I do not have a system to manage my finances 19.80 percent
- I manage my finances using a computer program (Quicken, MS Money, etc.) 11.50 percent
- I manage my finances in a spreadsheet on my computer 10.30 percent

Goals & Long Term Planning

Overall, the majority of Household CFOs do not have preparations in place for long term financial success – in fact, 17 percent indicated that they used none of the listed financial tools. In general, the percentages trend downward as the longevity/complexity of the planning and goals increase. Household CFOs have the following financial tools in place:

- Weekly spending budget	25.8 percent
- Monthly spending budget	38.2 percent
- One-year financial goal	11.6 percent
- Five-year financial goal	9.9 percent
- 401(k) / retirement savings plan	43.3 percent
- Investment portfolio (CDs, bonds, etc.)	21.3 percent
- College savings plan for dependents	9.5 percent
- Will	19.9 percent
- Emergency fund/savings	27.3 percent
- None of the above	17 percent

Financial Crisis

Nearly 30 percent of Household CFOs do not have any preparations in place to handle a financial crisis. Of those who do have preparations in place, “Life insurance” makes up the largest percentage (46.7 percent). Additionally, approximately 32 percent have an emergency savings fund and 17 percent have a trust or will. Household CFOs have the following financial crisis preparations in place:

- Life insurance	46.7 percent
- Medical insurance/disability insurance	41.3 percent
- Homeowners insurance	39.9 percent
- Emergency savings fund	32.1 percent
- I have not made any preparations	28.1 percent
- Trust/will	16.5 percent
- Renters insurance	10.7 percent

MOTIVATION

Responsibility for Household Finances

The majority of Household CFOs handle household finances because they are the only adult member in their household or because they assume responsibility while their spouse handles other household duties.

- I handle household finances because I am the only adult member of my household	31.20 percent
- I handle household finances because I assume responsibility for it while my spouse handles other household duties	27.30 percent
- I handle household finances because I want to be prepared	10.20 percent
- I handle household finances because I want to be in control	9.70 percent
- I handle household finances because I enjoy it	8.50 percent
- I handle household finances because I don't feel anyone else can	6.90 percent
- I handle household finances because my spouse/partner and I have our finances separate	6.20 percent

Financial Concerns

The top three financial concerns among Household CFOs are rising costs (energy, gas, living expenses), retirement and emergency savings. Household CFOs are less likely to be concerned about a crisis they cannot control, such as recession and employment.

- Rising energy costs/gas costs/living expenses (groceries, etc.)	48.9 percent
- Retirement	43.7 percent
- Emergencies - not enough savings to get through a major life event	38.7 percent
- Debt	32.5 percent
- Recession	22.7 percent
- Employment	20.7 percent
- Education for children	16.3 percent
- I don't have any financial-related concerns in these areas.	10.2 percent
- Changes to mortgage	5.9 percent
- Small business concerns	3.8 percent

- Foreclosure on a home 2.2 percent

Experience with Financial Crisis

More than half of Household CFOs have experienced a significant financial crisis. The top three financial crises experienced by Household CFOs are increased amount of debt, medical emergency and job loss. Household CFOs have experienced the following:

- None of the above 44.2 percent
- Increased amount of debt 27.3 percent
- Medical emergency 16.4 percent
- Job loss 16.3 percent
- Change in health status (i.e., diagnosis of chronic illness) 12.2 percent
- Death of immediate family member 10 percent
- Unanticipated or unplanned for change in familial status (i.e., caregiving for child, parent, relative, other) 6.8 percent
- Identity theft 3.5 percent
- Divorce 2.8 percent
- Bankruptcy 2.6 percent
- Natural disaster affecting the home or work 1.5 percent
- Foreclosure 1.3 percent