**Appendix**

Table A.I

**Financial Literacy Questions**

1. *Interest Rate Question**a,b,c*

Suppose you had $100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?

**More than $102**

Exactly $102

Less than $102

Do not know

Prefer not to say

1. *Inflation Questiona,b,c*

Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?

More than today

Exactly the same

**Less than today**

Do not know

Prefer not to say

1. *Risk Diversification Questiona,b,c*

Please tell me whether this statement is true or false. “Buying a single company’s stock

usually provides a safer return than a stock mutual fund.”

True

**False**

Do not know

Prefer not to say

1. *Bond Price Questionb,c*

If interest rates rise, what will typically happen to bond prices?

They will rise

**They will fall**

They will stay the same

There is no relationship between bond prices and the interest rate

Do not know

Prefer not to say

1. *Mortgage Questionb,c*

A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage,

but the total interest paid over the life of the loan will be less.

**True**

False

Do not know

Prefer not to say

1. Suppose you owe $1,000 on a loan and the interest rate you are charged is 20% per year compounded annually. If you didn’t pay anything off, at this interest rate, how many years would it take for the amount you owe to double?*c*

Less than 2 years

**At least 2 years but less than 5 years**

At least 5 years but less than 10 years

At least 10 years

Don’t know

Prefer not to say

1. Which of the following indicates the highest probability of getting a particular disease? *c*

[The first three response options are randomized]

There is a one-in-twenty chance of getting the disease

**2% of the population will get the disease**

25 out of every 1,000 people will get the disease

Don’t know

Prefer not to say

*Note: a* Big 3 Questions, *b*Big 5 Questions, *c*Full complement of financial knowledge questions in the 2021 State-by-State NFCS Survey. Correct answers are in bold.

Table A.II

1. *Have you set aside emergency or rainy day funds that would cover your expenses for 3 months, in case of sickness, job loss, economic downturn, or other emergencies?*

Yes

No

Don’t know

Prefer not to say

1. *Have you ever tried to figure out how much you need to save for retirement?*

Yes

No

Don’t know

Prefer not to say

1. *How confident are you that you could come up with $2,000 if an unexpected need arose within the next month?*

I am certain I could come up with the full $2,000

I could probably come up with $2,000

I could probably not come up with $2,000

I am certain I could not come up with $2,000

Don’t know

Prefer not to say