

# 2018's Most & Least Financially Literate States

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After the Great Recession, it became clear that more people needed to learn financial literacy. The housing-market collapse and following financial crisis reminded Americans of our obsession with debt and the dangers of quick access to finances for under-informed consumers.

But how much have we learned since, and what are we doing to help future generations avoid repeating our mistakes?

Not enough, it would seem. We ended 2017 with \$92.2 billion in new credit-card debt, the highest increase since 2007. That's unsurprising, considering that only two in five adults actually have a budget. For the first time ever, total American credit card debt has passed \$1 trillion, so it's clear that better financial education is necessary to try to turn this trend around. But the problems aren't as pronounced in every state; some are more responsible than others.

In order to find the states with the best financial literacy, WalletHub analyzed financial-education programs and consumer habits — combined with the results of WalletHub's proprietary WalletLiteracy Survey — in each of the 50 states and the District of Columbia. Our data set of 15 key metrics ranges from high-school financial literacy grade to share of adults with rainy-day funds. Read on for the results, insight from a panel of experts and a complete description of our methodology.

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## Main Findings

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### Most Financially Literate States

Overall Rank*	State	Total Score	'WalletLiteracy' Rank	'Financial Planning & Habits' Rank	'Financial Knowledge & Education' Rank
1	New Hampshire	70.28	1	4	4
2	Virginia	68.15	9	2	29
3	Minnesota	67.93	5	8	8
4	Maryland	67.83	19	3	15

Overall Rank*	State	Total Score	'WalletLiteracy' Rank	'Financial Planning & Habits' Rank	'Financial Knowledge & Education' Rank
4	Utah	67.83	3	1	47
6	New Jersey	67.47	21	5	9
7	Maine	67.25	12	17	1
8	Colorado	67.01	11	11	7
9	North Dakota	65.69	4	9	37
10	Illinois	65.10	32	13	11
11	Michigan	65.00	10	14	20
12	New York	64.71	17	18	12
13	North Carolina	63.78	37	15	18
14	Iowa	63.51	22	16	30
15	Washington	63.30	16	21	22
16	Arizona	63.14	27	23	16
17	Ohio	63.13	23	19	27
18	Florida	62.71	30	24	14
19	Texas	62.69	35	10	39
20	Kansas	62.58	36	31	6
21	Nebraska	61.99	20	32	21
22	Montana	61.92	24	38	3
23	Alabama	61.85	31	12	45
24	Wisconsin	61.76	13	42	2
25	Vermont	61.75	26	27	31
26	Georgia	61.71	34	22	33
27	Massachusetts	61.63	8	34	19
28	Connecticut	61.57	29	36	5
29	Oregon	61.40	33	28	28
30	South Carolina	61.39	41	20	36
31	Idaho	61.34	7	25	42
32	Indiana	60.54	42	33	17
33	California	60.35	2	46	25

Overall Rank*	State	Total Score	'WalletLiteracy' Rank	'Financial Planning & Habits' Rank	'Financial Knowledge & Education' Rank
34	Tennessee	60.02	40	6	51
35	Pennsylvania	59.56	25	44	10
36	Wyoming	59.55	6	45	23
37	Missouri	59.47	48	7	50
38	West Virginia	59.28	50	29	13
39	Nevada	58.57	14	35	44
40	Arkansas	58.49	43	26	46
41	Hawaii	57.92	18	47	35
42	Rhode Island	57.47	15	41	41
43	Delaware	57.31	46	39	32
44	Kentucky	57.29	44	30	48
45	South Dakota	56.73	28	48	38
46	New Mexico	56.64	45	43	24
47	District of Columbia	56.57	38	49	34
48	Oklahoma	55.82	49	37	40
49	Mississippi	55.49	51	40	26
50	Alaska	54.66	39	50	43
51	Louisiana	51.72	47	51	49

\*1=Most Financially Literate

#### Best WalletLiteracy Score

1. Maine
2. Wisconsin
3. Montana
4. New Hampshire
5. Connecticut



#### Worst WalletLiteracy Score

47. Utah
48. Kentucky
49. Louisiana
50. Missouri
51. Tennessee

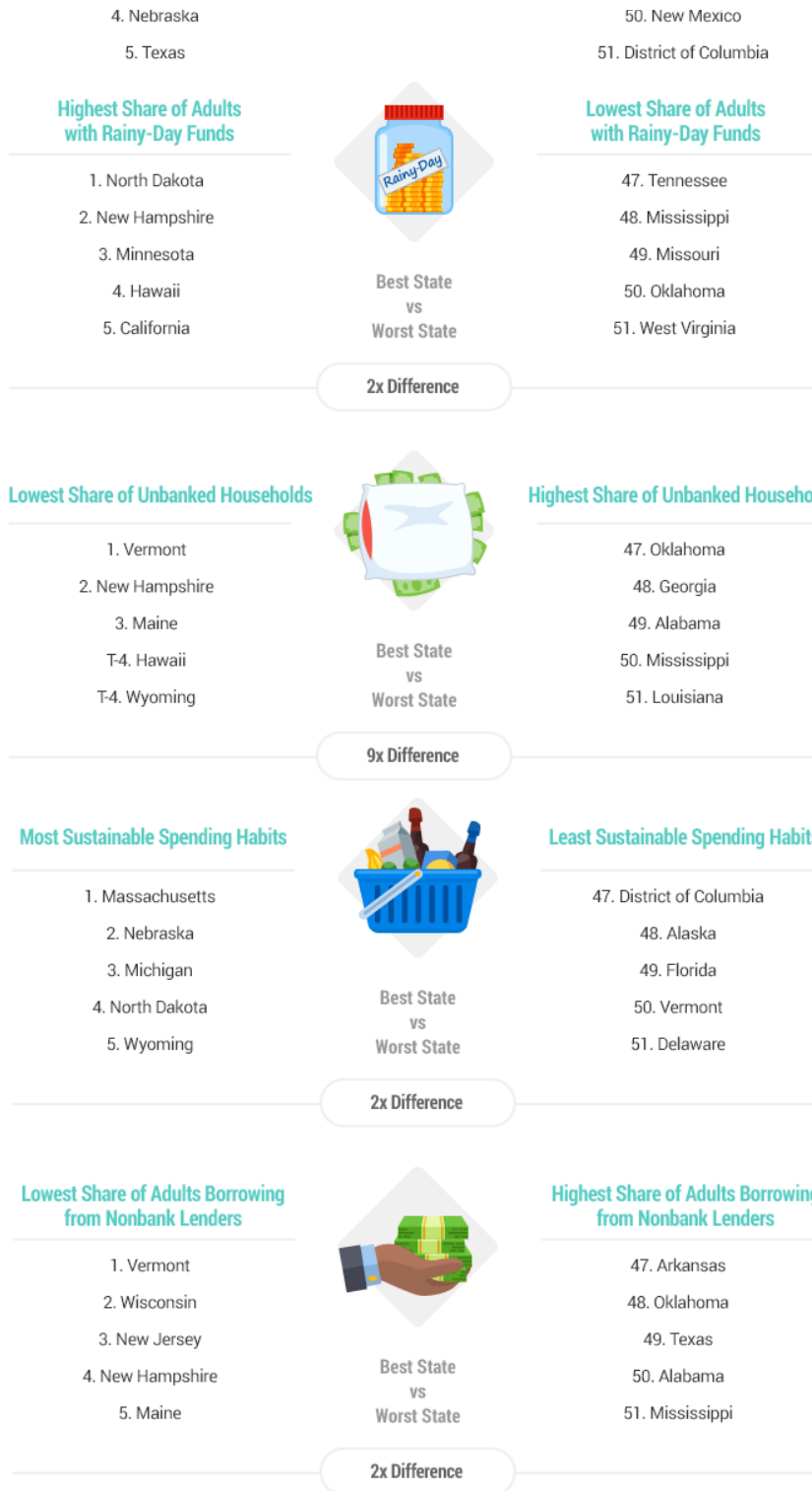
#### Highest Public High-School Graduation Rate

1. Iowa
2. New Jersey
3. West Virginia



#### Lowest Public High-School Graduation Rate

47. Alaska
48. Oregon
49. Nevada



## Detailed Findings

### WalletLiteracy Score by Gender

<b>Year</b>	<b>WalletLiteracy Score</b>
Male	72.45
Female	66.67

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 WalletLiteracy Score by Income

<b>Year</b>	<b>WalletLiteracy Score</b>
Less than \$25,000	57.47
\$25,000 to \$34,999	61.96
\$35,000 to \$49,999	66.78
\$50,000 to \$74,999	71.38
\$75,000 to \$99,999	73.58
\$100,000 to \$149,999	76.18
\$150,000 or more	78.27

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 WalletLiteracy Score by Marital Status

<b>Year</b>	<b>WalletLiteracy Score</b>
Single (never been married)	63.87
Married	74.43
Partnered but Unmarried	66.17
Separated/Divorced	67.53
Widowed	65.96

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 WalletLiteracy Score by Race

<b>Year</b>	<b>WalletLiteracy Score</b>
Asian / Pacific Islander	65.74
Black / African American	61.44
Hispanic / Latino	60.41
Native American / American Indian	55.02

Year	WalletLiteracy Score
White (non-Hispanic)	72.46
Other	69.46

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 WalletLiteracy Score by Education Level

Year	WalletLiteracy Score
Some high school	48.46
High school graduate	57.63
Some college	65.86
Vocational training	64.98
College graduate	73.21
Some postgraduate	75.17
Post graduate degree	76.75

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 WalletLiteracy Score by Age

Year	WalletLiteracy Score
Under 18	47.41
18-24	60.43
25-34	67.64
35-44	69.47
45-54	73.48
55-64	75.13
65+	73.84

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## Correlation Analysis

State	Overall Financial Literacy Rank	State Education Ranking	Group	State GDP per Capita in Dollars
AK	50	42	Weak Education & Weak Financial Literacy	63,317

State	Overall Financial Literacy Rank	State Education Ranking	Group	State GDP per Capita in Dollars
AL	23	43	Mixed	37,402
AZ	16	34	Mixed	38,985
AR	40	46	Weak Education & Weak Financial Literacy	36,524
CA	33	12	Mixed	59,117
CO	8	24	Strong Education & Strong Financial Literacy	52,567
CT	28	4	Mixed	63,636
DE	43	7	Mixed	64,054
DC	47	NaN	Weak Education & Weak Financial Literacy	160,643
FL	18	14	Strong Education & Strong Financial Literacy	39,506
GA	26	33	Weak Education & Weak Financial Literacy	45,140
HI	41	38	Weak Education & Weak Financial Literacy	51,819
ID	31	40	Weak Education & Weak Financial Literacy	36,056
IL	10	10	Strong Education & Strong Financial Literacy	54,404
IN	32	19	Mixed	45,977
IA	14	3	Strong Education & Strong Financial Literacy	51,912
KS	20	25	Strong Education & Strong Financial Literacy	46,217
KY	44	37	Weak Education & Weak Financial Literacy	38,950
LA	51	49	Weak Education & Weak Financial Literacy	44,451
ME	7	28	Mixed	38,956
MD	4	17	Strong Education & Strong Financial Literacy	56,070
MA	27	2	Mixed	65,281
MI	11	32	Mixed	43,665
MN	3	5	Strong Education & Strong Financial Literacy	54,414

State	Overall Financial Literacy Rank	State Education Ranking	Group	State GDP per Capita in Dollars
MS	49	47	Weak Education & Weak Financial Literacy	32,102
MO	37	26	Weak Education & Weak Financial Literacy	43,004
MT	22	36	Mixed	39,763
NE	21	29	Mixed	53,949
NV	39	45	Weak Education & Weak Financial Literacy	43,557
NH	1	16	Strong Education & Strong Financial Literacy	51,411
NJ	6	8	Strong Education & Strong Financial Literacy	56,565
NM	46	48	Weak Education & Weak Financial Literacy	41,559
NY	12	13	Strong Education & Strong Financial Literacy	64,810
NC	13	11	Strong Education & Strong Financial Literacy	44,511
ND	9	23	Strong Education & Strong Financial Literacy	64,136
OH	17	30	Mixed	47,633
OK	48	20	Mixed	44,356
OR	29	44	Weak Education & Weak Financial Literacy	51,066
PA	35	21	Mixed	50,665
RI	42	22	Mixed	47,739
SC	30	31	Weak Education & Weak Financial Literacy	37,075
SD	45	41	Weak Education & Weak Financial Literacy	47,808
TN	34	39	Weak Education & Weak Financial Literacy	43,688
TX	19	27	Mixed	53,129
UT	4	18	Strong Education & Strong Financial Literacy	44,893
VT	25	9	Strong Education & Strong Financial Literacy	43,984



State	Overall Financial Literacy Rank	State Education Ranking	Group	State GDP per Capita in Dollars
VA	2	6	Strong Education & Strong Financial Literacy	51,643
WA	15	15	Strong Education & Strong Financial Literacy	57,727
WV	38	50	Weak Education & Weak Financial Literacy	36,244
WI	24	1	Strong Education & Strong Financial Literacy	47,833
WY	36	35	Weak Education & Weak Financial Literacy	60,004

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State	Overall Financial Literacy Rank	Credit Score Rank	Group
AR	40	44	Low Credit Score & Weak Financial Literacy
AL	23	50	Mixed
AK	50	25	Mixed
AZ	16	31	Mixed
CA	33	19	Mixed
CO	8	11	High Credit Score & Strong Financial Literacy
CT	28	22	Mixed
DE	43	33	Low Credit Score & Weak Financial Literacy
DC	47	30	Low Credit Score & Weak Financial Literacy
FL	18	36	Mixed
GA	26	46	Low Credit Score & Weak Financial Literacy
HI	41	4	Mixed
ID	31	14	Mixed
IL	10	26	Mixed
IN	32	37	Low Credit Score & Weak Financial Literacy
IA	14	13	High Credit Score & Strong Financial Literacy

State	Overall Financial Literacy Rank	Credit Score Rank	Group
KS	20	23	High Credit Score & Strong Financial Literacy
KY	44	40	Low Credit Score & Weak Financial Literacy
LA	51	48	Low Credit Score & Weak Financial Literacy
ME	7	24	High Credit Score & Strong Financial Literacy
MD	4	35	Mixed
MA	27	10	Mixed
MI	11	31	Mixed
MN	3	1	High Credit Score & Strong Financial Literacy
MS	49	51	Low Credit Score & Weak Financial Literacy
MO	37	28	Low Credit Score & Weak Financial Literacy
MT	22	8	High Credit Score & Strong Financial Literacy
NE	21	5	High Credit Score & Strong Financial Literacy
NV	39	48	Low Credit Score & Weak Financial Literacy
NH	1	11	High Credit Score & Strong Financial Literacy
NJ	6	27	Mixed
NM	46	43	Low Credit Score & Weak Financial Literacy
NY	12	17	High Credit Score & Strong Financial Literacy
NC	13	38	Mixed
ND	9	2	High Credit Score & Strong Financial Literacy
OH	17	33	Mixed
OK	48	40	Low Credit Score & Weak Financial Literacy
OR	29	9	Mixed

State	Overall Financial Literacy Rank	Credit Score Rank	Group
PA	35	20	Mixed
RI	42	28	Low Credit Score & Weak Financial Literacy
SC	30	47	Low Credit Score & Weak Financial Literacy
SD	45	2	Mixed
TN	34	40	Low Credit Score & Weak Financial Literacy
TX	19	45	Mixed
UT	4	15	High Credit Score & Strong Financial Literacy
VT	25	6	High Credit Score & Strong Financial Literacy
VA	2	17	High Credit Score & Strong Financial Literacy
WA	15	6	High Credit Score & Strong Financial Literacy
WV	38	39	Low Credit Score & Weak Financial Literacy
WI	24	15	High Credit Score & Strong Financial Literacy
WY	36	21	Mixed

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## Ask the Experts: Fostering Financial Literacy in the U.S.

Financial literacy is a growing area of focus for academics, from public-school policymakers to university researchers. For insight into the current state of financial literacy as well as what the federal government, states and parents can do to help society improve, we turned to a select group of educators. Their bios and comments can be found below.

1. What should policymakers do to improve financial literacy?
2. How can parents equip their kids with financial know-how?
3. To what degree should financial literacy be a part of the K-12 curriculum? What are the most effective ways to teach financial concepts in schools?
4. What's the right balance between expecting consumers to educate themselves versus regulating financial service providers?

## Julio Rivas-Aguilar

Assistant Professor in the College of Business at Lipscomb University

### **What should policymakers do to improve financial literacy?**

I'm of the idea that a change in culture has more impact than a change in rules. Having said that, I do think that policymakers can help by including financial education as part of the K-12 curriculum. When I teach, I always emphasize that time is the most important variable in investing. The longer time you have to invest, the larger your potential future returns. Therefore, the earlier you start learning finance, the better. I was watching an interview the other day with one of the main proponents of behavioral finance. This Nobel prize winner mentioned that we need to protect people when they're having losses so that they won't make reckless decisions. I think the best way to prepare anyone is through education. However, policymakers can do up to a certain point. The rest is up to the people to understand, and in order to help K-12 students understand finance, you need to have teachers and parents completely involved in the process.



### **How can parents equip their kids with financial know-how?**

First of all, parents need to have some sort of financial know-how. If parents don't understand Finance, then they cannot teach it. I would first suggest the parents to get up to date with their money. There are several methods available in the market and, when followed, they will work. However, parents need to be convinced that they're doing the right thing. Then, once parents understand and are convinced on their financial principles, they can teach them to their kids. I strongly believe that teaching through games involving personal experience could be the best alternative.

We live in a culture of instant gratification, and we indirectly teach our kids that they can have things fast. By involving alternatives (a trip to Disney for three days now as opposed to a trip to Disney for a week in three months, for example), kids can make decisions and see that the alternative of waiting could be better. It is also important to make it fun (it is a game, right?) but to stick to the decisions and not bend the rules. At the end we want kids to learn and make their best decisions as adults. This is just an example, but I'm sure there are different pedagogical methods that are age-appropriate and can give great results.

### **To what degree should financial literacy be a part of the K-12 curriculum? What are the most effective ways to teach financial concepts in schools?**

I always say that formal education gives us knowledge and, probably more important, life skills.

Financial education should be part of the curriculum. Again, I'd be in favor of making games or practical activities. We want students to be motivated, but we also want them to learn. It is relatively easy to deal with winnings, yet it is complicated to deal with losses. Going back to behavioral finance, research has shown that we dislike losing two to three times more than like winning. I think the challenge is teach on how to deal with situations that are not favorable. At the end, and after many years, everyone should have good returns on their investments. Again, everything needs to be age-appropriate. This would be of great service for students. I've seen college-age people really struggling with how to handle their money. On the other hand, I've also seen get their faces illuminated when they understand saving for the long run.

### **What's the right balance between expecting consumers to educate themselves versus regulating financial service providers?**

I support self-education as the best way to approach financial education. People in general, and kids in particular, need to understand that making the best financial decisions is in their best interest. The individual benefits, and societal benefits, are substantial. If you are forced to do it, you're not really convinced and you will not be able to understand the real issue. We live in a country where education is widespread, and new ideas can be spread out. With respect to regulation, probably "carrots" are better than "sticks." If there is a way in which people can be motivated, probably in the tax area, to get educated and educate their kids, we could have a booster in financial literacy. However, at the end, everything goes back to the individual and their decision-making. That's why it is important to educate early, so that everyone can make the best decisions for themselves and their families.

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## Steven D. Podnos

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Principal at Wealth Care

### **What should policymakers do to improve financial literacy?**

In the aim of consumer education, it would be great to see some promulgation of information on the power of long-term savings, the dangers of credit card debt, and the difference between fiduciary and non-fiduciary advice. This could be done with public service announcements on TV, magazines, and posters.

### **How can parents equip their kids with financial know-how?**

I tried with limited success (the cobbler's kids go barefoot, right?). I'd encourage them taking personal finance courses in high school, and to read the various books on teens and money. Also, parents should teach their kids what they know and have learned themselves, just as



they do with other topics.

### **To what degree should financial literacy be a part of the K-12 curriculum? What are the most effective ways to teach financial concepts in schools?**

I think such a course should be mandatory. Ultimately, it is more important than many of the subjects now taught routinely. I remember my oldest daughter (now a CFP) being told not to take a course as such in high school, as "it won't look good on your transcript."

### **What's the right balance between expecting consumers to educate themselves versus regulating financial service providers?**

I think we need both. A fiduciary standard would be ideal for providers, but at least consumers should be educated to look for fiduciary advisors.

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## **Robert Klosterman**

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Founder & Advisor at White Oaks Wealth Advisors

### **What should policymakers do to improve financial literacy?**

Schools have an essential responsibility and role in preparing young people for adult life. The local school boards have the primary role in accomplishing this education. The schools would be the most effective teaching money skills including:

- What is money? Exchange of value from one person/entity to another.
- The impact of compound interest on long-term accumulation of financial security.
- Various types of financial tools such as bank accounts, investment in stocks bonds mutual funds and what the elemental differences between them are and how to use them.
- The difference between buying things now via credit card and cash, and the higher ultimate cost when balances are not paid off each month.
- What is bankruptcy and tools to avoid it.
- Why good credit makes life easier.



### **How can parents equip their kids with financial know-how?**

By having money conversations, starting with savings versus debt and the joy of delayed gratification. Helping them open bank and investment accounts and having periodic conversations about how things are going.

## **To what degree should financial literacy be a part of the K-12 curriculum? What are the most effective ways to teach financial concepts in schools?**

Part of this I laid out in the first question. Financial literacy is an essential life skill in today's world. It requires curriculums in the schools. Families can and should accentuate these skills in preparing their children for adult life.

## **What's the right balance between expecting consumers to educate themselves versus regulating financial service providers?**

A great question, but financial education is really no different than Math, English or other topics. The students, schools and the families each have 100 percent responsibility to be prepared for adult life.

## **Methodology**

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In order to distinguish the most financially literate states from the least, WalletHub compared the 50 states and the District of Columbia across three key dimensions: 1) WalletHub's "WalletLiteracy Survey" Score, 2) Financial Planning & Habits and 3) Financial Knowledge & Education.

We evaluated those dimensions using 15 relevant metrics, which are listed below with their corresponding weights. Each metric was graded on a 100-point scale, with a score of 100 representing the highest level of financial literacy.

We then determined each state's weighted average across all metrics to calculate its overall score and combined those results with the responses to our WalletLiteracy Survey to rank-order our sample.

### **Financial Planning & Habits – Total Points: 25**

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- Median Credit Score: Full Weight (~2.08 Points)
- Share of Adults Who Spend More than They Earn: Double Weight (~4.17 Points)  
Note: "Adults" include the population aged 18 and older.
- Share of Adults with Rainy-Day Funds: Double Weight (~4.17 Points)  
Note: "Adults" include the population aged 18 and older.
- Share of Adults Who Save for Their Children's College Education: Full Weight (~2.08 Points)  
Note: "Adults" include the population aged 18 and older.
- Share of Adults Who Try to Achieve Long Term Financial Goals: Full Weight (~2.08 Points)  
Note: "Adults" include the population aged 18 and older.
- Share of Adults whose Household has a Budget: Full Weight (~2.08 Points)  
Note: "Adults" include the population aged 18 and older.
- Share of Unbanked Households: Full Weight (~2.08 Points)
- Share of Adults Borrowing from Nonbank Lenders: Full Weight (~2.08 Points)



Note: “Adults” include the population aged 18 and older.

- Share of Adults Paying Only Minimum on Credit Card(s): Full Weight (~2.08 Points)

Note: “Adults” include the population aged 18 and older.

- Share of Adults Who Compare Credit Cards Before Applying: Full Weight (~2.08 Points)

Note: “Adults” include the population aged 18 and older.

## Financial Knowledge & Education – Total Points: 25

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- High-School Financial Literacy Grade: Double Weight (~10.00 Points)

Note: Based on Champlain College’s 2017 National Report Card on State Efforts to Improve Financial Literacy in High Schools

- Public High-School Graduation Rate: Full Weight (~5.00 Points)

- Share of Adults Who Attended Financial-Education Classes or Counselling Sessions in Past 12 Months: Full Weight (~5.00 Points)

Note: “Adults” include the population aged 18 and older.

- Share of Adults with at Least a Bachelor’s Degree: Full Weight (~5.00 Points)

Note: “Adults” include the population aged 25 and older.

## Wallethub’s ‘WalletLiteracy Survey’ Score – Total Points: 50

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The results displayed below were calculated based on the grades earned by respondents to WalletHub’s WalletLiteracy Survey. We collected a total of 17,643 responses nationally. The sample employed was based on WalletHub’s community of members.

The following scale determined each state’s WalletLiteracy grade:

<b>Average Grade</b>	<b>Corresponding Score</b>
A+	100.0
A	91.7
A-	83.3
B+	75.0
B	66.7
B-	58.3
C+	50.0
C	41.7
C-	33.3
D+	25.0
D	16.7
D-	8.3



**Average Grade    Corresponding Score**

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F                      0

*Sources: Data used create this ranking were collected from the U.S. Census Bureau, National Center for Education Statistics, TransUnion, Federal Deposit Insurance Corporation, FINRA Investor Education Foundation, Champlain College Incorporated and WalletHub research.*

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