Financial Capability of Adults with Disabilities

Findings from the FINRA Investor Education Foundation 2012 National Financial Capability Study

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National Disability Institute

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July 22, 2014

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A Letter from National Disability Institute

National Disability Institute ("NDI") is pleased to present this report entitled "The Financial Capability of Adults with Disabilities." Through our findings and our recommendations for policy and program changes, we are hopeful that the original aims of the Americans with Disabilities Act can be met and that all persons with disabilities can enjoy economic self-sufficiency and well-being through increased financial capability.

Since its inception in 2005, NDI remains the first and only national nonprofit organization dedicated exclusively to designing pathways to economic stability and mobility for persons with disabilities. Through public policy research and development and customized training and technical assistance, NDI has become a recognized leader nationwide demonstrating that individuals across the spectrum of significant disabilities can work, save and advance their financial capability and economic stability.

NDI is most recognized for harnessing the power of collaboration with government, financial institutions, the business community, nonprofit organizations and institutions of higher education to advance new opportunities for work, income production, savings and asset building for people with disabilities. NDI is focused on social impact with defined measures and measurement at an individual and systems level.

NDI's three enduring values drive all decision making and set a strategic direction for the future:

1. NDI values all individuals across the spectrum of disability as productive contributors to the vitality of communities.
2. NDI values self-determination and informed decision making that empower individuals with disabilities to have choices and direction that respect their individual preferences.
3. NDI values collaboration among all stakeholders including people with disabilities and the public and private sectors to design, implement, and improve opportunities for individuals with disabilities to participate in the economic mainstream and advance their financial independence.

NDI envisions a world where people with disabilities have the same opportunities to achieve financial stability and independence as people without disabilities. We seek to achieve this vision through a comprehensive body of work guided by our mission to drive social impact to build a better economic future for people with disabilities and their families. This report provides an important step and vital data to help make this mission a reality.

Michael Morris
Executive Director
National Disability Institute

Executive Summary

July 26, 2014 marks the 24th anniversary of the signing into law of the Americans with Disabilities Act (ADA). The law clearly states that our nation's goals regarding individuals with disabilities are to "assure equality of opportunity, full participation, independent living, and **economic self-sufficiency**" (emphasis added). Despite the promise of the law to protect against discrimination and promote equal opportunity, little has changed regarding the employment and economic status of working-age adults with disabilities.

People with disabilities comprise 12-19% of the U.S. population[1] and experience significant disparities in employment and participation in the labor force. Not surprisingly, they also experience significant disparities in financial resources and are far more likely to live in or near poverty than other Americans. The material conditions, including economic hardship, of people with disabilities can impact individual level of community participation, limit choices of where one lives, adversely affect both mental and physical health, and diminish overall quality of life experience. Although these disparities are well-documented, we have little understanding of financial capability among people with disabilities, despite the fact that financial capability is related to one's ability to make informed financial decisions and attain economic stability and security.

Using information from the FINRA Investor Education Foundation 2012 National Financial Capability Study, we examined financial capability among people with and without disabilities. Respondents noted as having disabilities throughout this report selected "permanently sick, disabled, or unable to work" in response to the study's question on current work status. Given the unique economic situation of people with disabilities, it is not surprising that an analysis of the data from the National Financial Capability Study (NFCS) reveals that people with disabilities have less overall financial capability compared to other Americans. Major findings include:

1. **Making Ends Meet**
    - Greater difficulty covering monthly expenses
    - More likely to spend more than household annual income
    - More likely to make late mortgage payments
    - Less likely to have access to emergency funds

[1] US Census Bureau, "Americans With Disabilities: 2010," http://www.census.gov/prod/2012pubs/p70-131.pdf.

2. **Planning Ahead**
    - Less likely to have rainy day funds set aside
    - Less likely to have planned for retirement and have retirement account
    - Less likely to plan for children's college education expenses
    - Less likely to seek certain types of professional financial advising
3. **Managing Financial Products**
    - More likely to express concern over repaying student loans
    - More likely to carry credit card balance and accrue interest
    - More likely to use non-bank methods of borrowing
    - More likely to have "bad debt" and less likely to have "good debt"
4. **Financial Knowledge and Decision Making**
    - Less likely to have received financial education
    - Lower financial literacy

These findings should serve as a call to action to address the financial capability needs of persons with disabilities. Though no single strategy or solution will quickly reverse the findings in this study, we offer three recommendations to accelerate system changes in policy and practice:

1. **Design and test innovative intervention strategies.**

    Public and private sector stakeholders, including financial institutions, employers, government, and community groups, must work together to design bold new intervention strategies that support the development of financial skills and knowledge of youth and adults with disabilities. Together we can embrace a new paradigm anchored by a commitment to work, saving, and long-term planning for a better economic future. Government investment in the public infrastructure of schools, colleges, universities, American Job Centers, Social Security area offices, Community Health Centers, Aging and Disability Resource Centers, Protection and Advocacy agencies, Public Housing, Health Exchanges, and Vocational Rehabilitation field offices offers existing platforms to blend and braid lifelong learning opportunities to advance financial capability for persons with disabilities. State plan development requirements of multiple human and social service systems and the collection of data to measure performance at an individual and systems level offer key anchors to require development of financial capability that leads to effective informed decision-making and a pathway to economic stability and security for individuals with disabilities and their families.

Workforce Development, Education, and Treasury Innovation funds offer the potential to focus on public-private collaborations to integrate financial capability development with other social and human service delivery systems and supports.

2. **Establish a cross-system task force to build a collaboration strategy.**

By executive order, a Presidential Task Force should be established to accelerate the development of a comprehensive cross-agency strategy that explores policy and practice challenges and opportunities at a state and community level. Over an 18-month period this Task Force could identify cross system collaboration opportunities that integrate financial capability development as a part of education, workforce development, and career pathways strategies. There are teachable moments when an individual with a disability receives his or her first paycheck, is offered retirement savings options, selects a financial institution, and begins to think longer term about personal goals and pathways to economic security beyond the public benefits system. Financial capability is an important skill set that enhances self-concept and level of community participation. The Task Force would identify state and community models of public and private sector collaboration that are producing changes in thinking and behavior and consider policy and program changes that sustain and replicate promising practices. Youth and adults with disabilities benefit from government support related to education, healthcare, housing assistance, transportation, and workforce development. The Task Force would explore collaboration opportunities across programs and funding to build in capacity to make informed financial decisions and increase expectations about a better economic future. The Task Force would also identify specific policy barriers and solutions to improve informed financial decision making and financial capability.

3. **Improve available information about people with disabilities.**

To gain more accurate and informative data regarding people with disabilities, we offer several suggestions for improving future research. Under mandate from the Affordable Care Act, the U.S. Department of Health and Human Services Office of Minority Health developed standard criteria for collecting data on people with disabilities from a functional perspective. The Office of Minority Health suggests the following dichotomous (yes/no) items as the minimum standard of measuring disability: serious difficulty hearing (indicative of a hearing disability); serious difficulty seeing (indicative of a visual disability); serious difficulty walking or climbing stairs (5 years and older; indicative of an ambulatory disability); difficulty remembering or making decisions due to physical, mental, or emotional condition (5 years and older; indicative of a cognitive disability); difficulty dressing or bathing (5 years and older; indicative of a self-care disability); and difficulty visiting a doctor's office or shopping due to a physical, mental, or emotional condition (15 years and older; indicative of an independent living disability). Thus, research should, at a minimum, follow the standard criteria for measuring disability as developed by the Office of Minority Health; we suggest data collection endeavors strive to go beyond these minimums to collect additional important information about disability.

While collecting information about respondent disability status is a key step forward, achieving full inclusion of people with disabilities in data collection efforts and valid data may require additional steps. To achieve these goals, the World Health Organization also provides the following recommendations: (1) Involve end-users throughout the research process, including people with disabilities, to ensure that the research is meaningful and useful; (2) Develop and use global common language to enable making global comparisons across studies; (3) Use a range of methodologies, including qualitative and quantitative measures of disability; (4) Disseminate research findings for use in making policy and practice revisions, as well as for use in the lives of people with disabilities, and (5) Disaggregate data by sex, age, and associated health condition.

The latter suggestion highlights the importance of researchers to recognize the complexity of the identities and experiences of people with disabilities. Like all people, persons with disabilities live at the intersections of many identities that simultaneously shape their lived experience, including but not limited to their age, gender, ethnicity/racial identity, as well as their disability status. As shown in this report, it is not enough to compare people with disabilities to people without disabilities. Instead, we must consider the interactions between age, socioeconomic status, and race/ethnicity with disability status to understand the variability of living situations among people with disabilities. Several levels of economic inequality may come together to multiply disadvantage particular groups of people with disabilities.

The financial capability of Americans with disabilities stands in stark contrast to people without disabilities despite the Americans with Disabilities Act being enacted into law nearly a quarter century ago. Implementation of the proposed recommendations by National Disability Institute will accelerate the development of needed systemic changes to policy and practice. To government, financial institutions, foundations, businesses, and community organizations, the findings and recommendations in this report represent an urgent call for collective action that supports greater financial capability and economic stability and mobility for our nation's youth and adults with disabilities.

Introduction

The Americans with Disabilities Act (ADA) states clearly that our nation's goals are to "assure equality of opportunity, full participation, independent living, and **economic self-sufficiency**" for persons with disabilities (emphasis added).[2] Despite the promise of the law to protect against discrimination and promote equal opportunity, little has changed regarding the employment and economic status of working-age adults with disabilities. Although there are numerous studies on the employment challenges faced by people with disabilities, there has been limited focus on the financial capability and behavior of this population, despite the fact that financial capability is related to making informed financial decisions and attaining economic stability and security.

Disability, physical or mental impairments that substantially limit one or more major life activities, affects between 12% and almost 19% of the US population.[3] People living with disabilities represent a highly heterogeneous population. In 2012, 6.9% reported an ambulatory disability; 5.6% reported an independent living disability; 4.9% reported a cognitive disability; 3.4% reported a hearing disability; 2.7% reported a self-care disability; and 2.2% of people with disabilities reported having a visual disability.[4] Disability is more prevalent among older individuals, women, Native Americans and Black/African Americans.

People with disabilities in the U.S. experience significant disparities in education, employment, and participation in the labor force. According to census data, people with disabilities are employed at lower rates and have lower numbers of hours worked, individual earnings, and household incomes compared to Americans without disabilities, which translates into higher rates of poverty. For instance, in 2012, individuals with disabilities ages 18 to 64 had an employment rate of 33%, whereas individuals without disabilities ages 18 to 64 were employed at a rate of 74% – an employment gap of 41%.[5] Although current, valid information is not available on how many people with disabilities cannot work because of their disability, it is estimated that about 1 in 5 people with disabilities are unable to work due to disability.

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[2] Americans With Disabilities Act of 1990, 42 U.S.C. § 12101; http://www.gpo.gov/fdsys/pkg/USCODE-2009-title42/html/USCODE-2009-title42-chap126.htm.
[3] US Census Bureau, "Americans With Disabilities: 2010," http://www.census.gov/prod/2012pubs/p70-131.pdf.
[4] Cornell University, "Disability statistics: Online resource for U.S. disability statistics," http://www.disabilitystatistics.org/.
[5] Rehabilitation Research and Training Center on Disability Statistics and Demographics (StatsRRTC), "Annual disability statistics compendium," http://disabilitycompendium.org/compendium-statistics/employment.

Employment disparities suggest more people with disabilities may not be enjoying the financial, social, and health-related advantages of paid employment. The employment rate for people with disabilities may be low due to lower educational attainment, individual and systemic barriers to employment, and discrimination. Among those who do work, people with disabilities, on average, earn about $10,000 less than people without disabilities.[6] The poverty rate of people with disabilities is more than double the rate of those without disabilities.[7] These economic disparities are further exacerbated by higher costs associated with living with a disability.

The material conditions, including economic hardship, of people with disabilities may inhibit access to high quality of life and well-being. Economic hardships have also been linked to significant negative health outcomes, ranging from an increased risk of depression or mental illness to an increased risk in mortality.[8] There are also significant attitudinal, physical, and system-level barriers to accessing healthcare for people with disabilities, many of which are linked to socioeconomic factors, including an inability to afford care; lack of or inability to pay for transportation; inaccessible equipment of and/or inadequate care from healthcare provider; inability to take time off to address medical care; lack of knowledge of where to access care and determine when care is needed; and being denied care.[9]

In 2012, the FINRA Investor Education Foundation conducted the National Financial Capability Study to measure the financial knowledge and decision-making practices of Americans. The findings show that recent economic decline has greatly impacted the ability of Americans to make ends meet and continues to influence how Americans choose to manage financial products and plan for the future – all of which are considered facets of financial capability. This survey also collected information about people reporting their current work status as "permanently sick, disabled, or unable to work." Although not representative of all people with disabilities, these data allow unprecedented insight into the financial capability among a subpopulation of persons with disabilities.

Understanding the financial capabilities of people with disabilities is a promising first step toward the creation and implementation of policies and practices to level the

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[6] StatsRRTC, "Annual disability statistics compendium," http://disabilitycompendium.org/compendium-statistics/earnings.
[7] StatsRRTC, "Annual disability statistics compendium," http://disabilitycompendium.org/compendium-statistics/poverty.
[8]Organisation for Economic Co-Operation and Development (OECD), "Well-being and the global financial crisis," http://www.keepeek.com/Digital-Asset-Management/oecd/economics/how-s-life-2013/well-being-and-the-global-financial-crisis_how_life-2013-7-en#page25.
[9] World Health Organization, "World Report on Disability," http://whqlibdoc.who.int/publications/2011/9789240685215_eng.pdf?ua=1.

playing field and ensure not only the promise of the ADA but also the pathway toward the American dream for all Americans, with and without disabilities.

Background and Methodology

The FINRA Investor Education Foundation, in consultation with the U.S. Department of Treasury and the President's Advisory Council on Financial Literacy, first commissioned the National Financial Capability Study (NFCS) in 2009 to measure the financial capability of adults in the United States. In 2012, the FINRA Investor Education Foundation updated the NFCS with modified and expanded measures to gain a more comprehensive understanding of American adults' financial capability, including measures of ability to make ends meet, plan ahead, and manage financial products, as well as measures of financial knowledge and decision-making practices.

Data were collected for the 2012 NFCS Study using a state-by-state survey administered online to 25,509 American adults and a military survey administered online to 1,000 military service members. Data were collected from July to October 2012 and were weighted to be representative of the national population (based on census data) on the following demographic variables: age, gender, ethnicity and education. Additional information about the NFCS and its methodology can be found at www.USFinancialCapability.org.

This report mirrors the format of the FINRA Investor Education Foundation's report "Financial Capability in the United States: Report of Findings from the 2012 National Financial Capability Study." However, the current report utilizes the data collected from the 2012 state-by-state survey (*N* = 25,509) to provide insight into the financial capability of the population of Americans with disabilities. Respondents noted as having disabilities throughout this report selected "permanently sick, disabled, or unable to work" in response to the study's question on current work status. The reported financial capability of respondents with disabilities (*n* = 1,363) is compared to the reported financial capability of respondents reporting an employment or work status as something other than "permanently sick, disabled, or unable to work" (*n* = 24,146).

Additional comparisons are made between (a) respondents with disabilities and respondents reporting an annual household income of $25,000 or less (*n* = 6,365) and (b) single respondents with disabilities (*n* = 705) and partnered respondents with disabilities (*n* = 658). These subgroup comparisons are only described in the report when group differences are 5% or greater.

Findings

Survey Respondents with Disabilities

Respondents (*N* = 25,509) in the 2012 National Financial Capability Study (NFCS) reported on their employment or work status, choosing from the following options:

	n	Percent
• work-full time for an employer (or the military)	9,222	36%
• retired	4,762	18%
• homemaker	2,586	10%
• work part-time for an employer (or the military)	2,405	9%
• unemployed or temporarily laid off	2,103	9%
• self-employed	1,977	8%
• full-time student	1,091	5%
• **permanently sick, disabled, or unable to work**	**1,363**	**5%**

Partnered and married respondents (*n* = 16,346) also reported on the employment status of their partner or spouse. Of the total sample, **1,854 respondents (7%) reported *at least one* person in their household (i.e., either self and/or their spouse/partner) had an employment or work status of "permanently sick, disabled, or unable to work."**

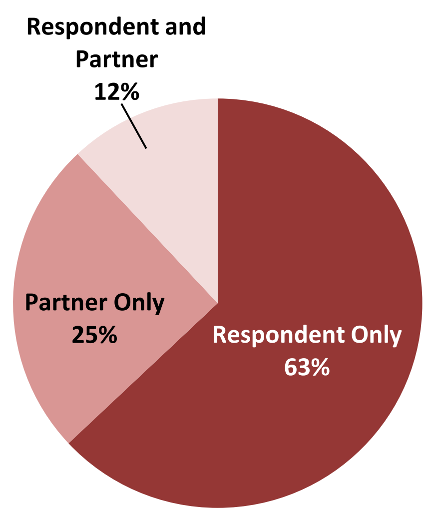
Households Reporting Self and/or Partner with Disabilities

Among the 1,854 (7%) respondents reporting at least one person with a disability:

- 1,150 (63%) married/partnered and single respondents reported they were the *only person* with a disability in their household

- 491 (25%) married/partnered respondents reported a disability for their *partners only*

- 213 (12%) married/partnered respondents reported a disability for *self and partner*



The table below provides demographic information for: all NFCS respondents; respondents with disabilities; respondents reporting their work status as something other than "permanently sick, disabled, or unable to work;" as well as respondents reporting an annual household income of less than $25,000.

Demographic characteristics of respondents					
		Total Sample (*N* = 25,509*)*	**Disability (*n* = 1,363)**	**No Disability (*n* = 24,146)**	**Annual Income < $25,000 (*n* = 6,365)**
Gender	Male	49%	48%	49%	44%
	Female	51%	52%	51%	56%
Age	18-34	31%	14%	32%	43%
	35-54	36%	50%	35%	31%
	55+	33%	36%	33%	26%
Ethnicity	White	67%	71%	66%	63%
	Non-White	34%	29%	34%	37%
Education	HS or less	38%	58%	37%	59%
	Some college	36%	33%	36%	31%
	College or more	26%	9%	27%	10%
Income	< $15K	13%	40%	12%	54%
	$15-25K	12%	23%	11%	46%
	$25-35K	11%	13%	11%	--------
	$35-50K	15%	10%	15%	--------
	$50-75K	19%	9%	20%	--------
	$75-100K	12%	3%	13%	--------
	$100-150K	11%	2%	12%	--------
	> $150K	7%	<1%	7%	--------
Marital Status	Married/Partner	62%	48%	63%	33%
	Single	38%	52%	37%	67%
Dependent Children	Yes	40%	30%	40%	32%
	No	61%	71%	60%	68%
Disability	Yes	5%	--------	--------	13%
	No	95%	--------	--------	87%

These demographic data indicate important differences between respondents with and without disabilities. Respondents with disabilities were older, the majority of whom were 35-54 years old. Respondents with disabilities also earned notably lower incomes. For instance, 63% of respondents with disabilities indicated a household income of $25,000 or less. This is compared to 23% of respondents without disabilities earning the same. Similarly, respondents with disabilities were more likely to have obtained only a high school education or less and were also less likely to have obtained a college education or beyond. Respondents with disabilities were also less likely to be married or partnered compared to other respondents, and they were slightly less likely to have children.

Among the subset of respondents reporting an annual income of less than $25,000, other interesting trends are apparent. Lower-income respondents are notably young when compared to respondents with and without disabilities, with the majority of respondents being 18-34 years old (43%). Respondents reporting an annual income of less than $25,000 were also more likely to be non-White (63%) when compared to respondents with disabilities (29%). Respondents reporting an annual income of less than $25,000 were the least likely to be married or partnered (33%) when compared to respondents with (48%) and without (63%) disabilities.

Single vs. Partnered Respondents with Disabilities

		Single (*n* = 705)	**Partnered/Married (*n* = 658)**
Gender	Male	48%	49%
	Female	52%	51%
Age	18-34	17%	11%
	35-54	48%	51%
	55+	35%	38%
Ethnicity	White	68%	74%
	Non-White	32%	26%
Education	HS or less	55%	61%
	Some college	35%	30%
	College or more	10%	9%
Income	< $15K	59%	19%
	$15-25K	23%	23%
	$25-35K	8%	19%
	$35-50K	6%	15%
	$50-75K	4%	15%
	$75-100K	< 1%	5%
	$100-150K	< 1%	4%
	> $150K	0%	< 1%
Dependent Children	Yes	21%	39%
	No	79%	61%

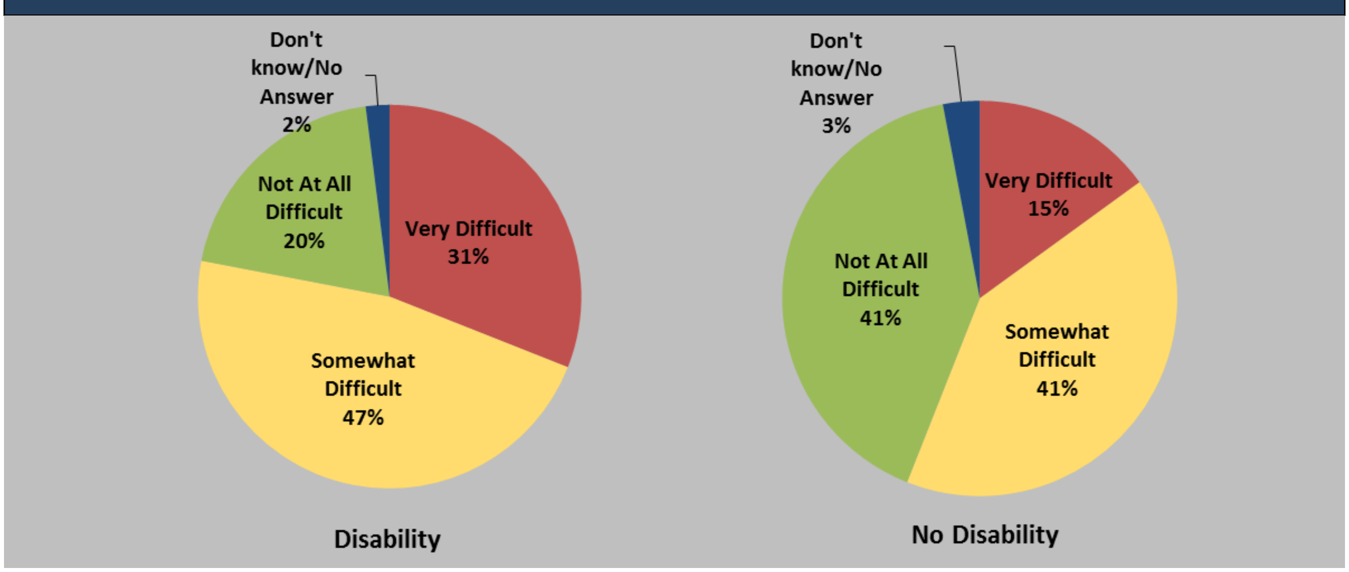
Among respondents with disabilities, single respondents are younger than married/partnered respondents with disabilities. More specifically, 17% of single respondents are ages 18-34 compared to 11% of partnered respondents. This group of single respondents also differs from partnered respondents on their ethnic makeup. Sixty-eight percent of single respondents are White, and 74% of partnered respondents are White.

Single respondents with disabilities also differ from partnered respondents with disabilities on their annual household income and education. Single respondents are notably more likely to make an annual household income of $15,000 or less (59%) compared to 19% of partnered respondents reporting the same annual household earnings. The large majority of single respondents (90%) report making less than $35,000 each year, whereas 60% of partnered respondents report making the same. However, single respondents are more likely to report having some college education or higher (45%) compared to partnered respondents (39%).
Single respondents with disabilities are less likely to have financially dependent children (21%) compared to partnered respondents with disabilities 39%.

1. Making Ends Meet

The NFCS identified one's ability to "make ends meet" as an important indicator of financial capability. Making ends meet includes measures of respondents' abilities to cover monthly expenses; balance household income and expenses; and the overall management of household financial matters.

Difficulty Covering Monthly Expenses

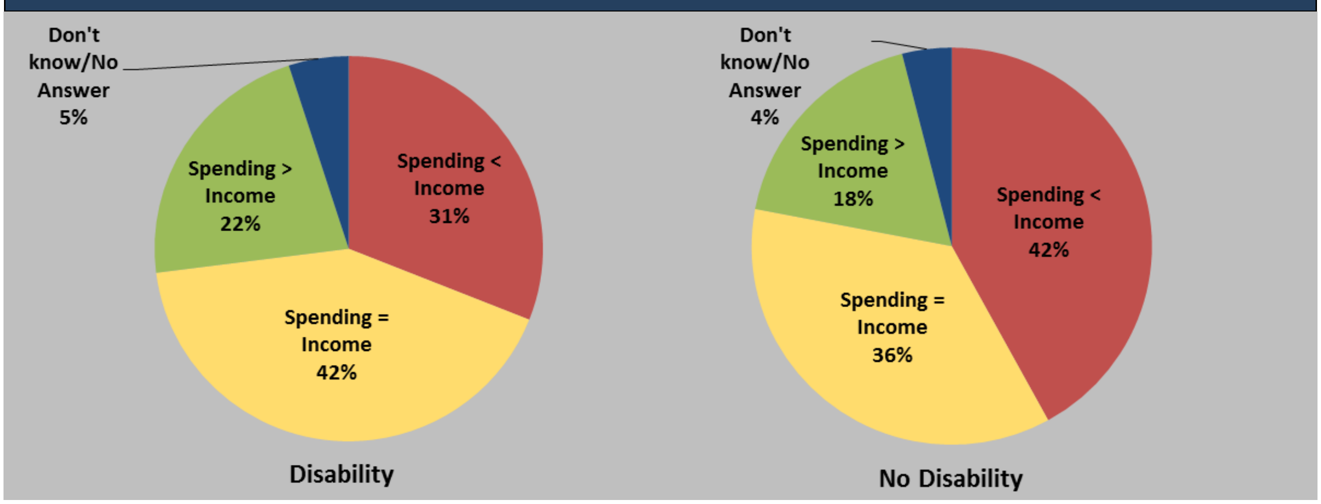


Although respondents with and without disabilities were similar in their reports of experiencing some difficulty covering monthly expenses (47%and 41%, respectively), respondents with disabilities were more likely to indicate that it was *very difficult* to cover monthly expenses (31%) compared to respondents without disabilities (15%), and less likely to indicate *not at all difficult* (20% vs. 41%).

Among respondents with disabilities, single respondents were more likely to report that it was *very difficult* to cover monthly expenses (35%) compared to partnered respondents (27%). Additionally, women with disabilities had greater difficulty covering monthly expenses (36%) than men with disabilities (27%).

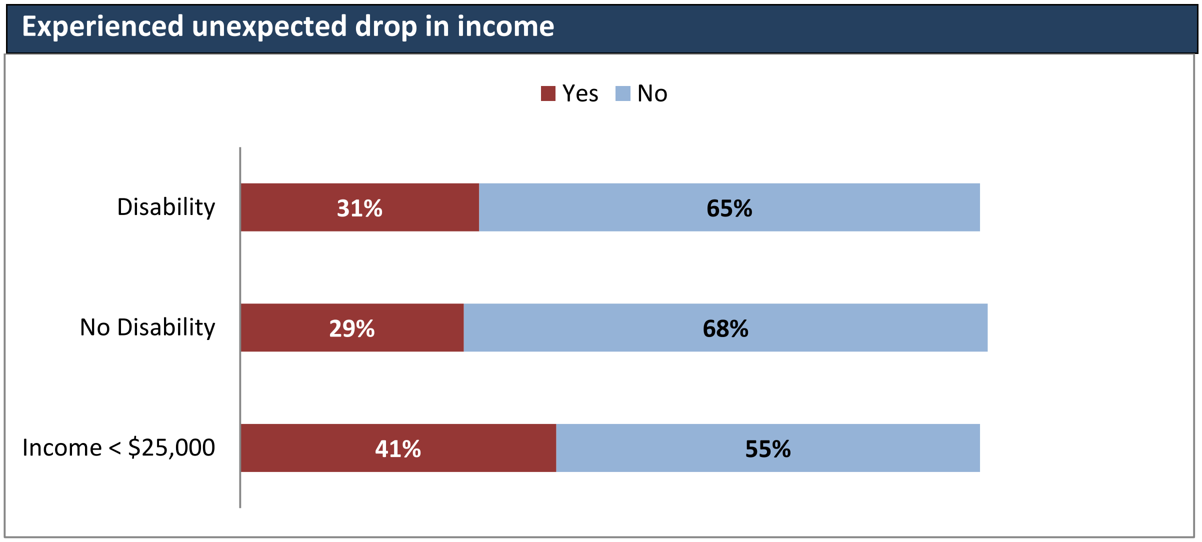
When asked about spending habits relative to household income over the past year, respondents with disabilities were more likely to spend *greater than* (22%) or *equal to* (42%) their household income than were respondents without disabilities (18% and 36%, respectively).

Household Spending Relative to Income



Among respondents with disabilities, non-White respondents were more likely to spend *more than* their household income (30%) compared to white respondents (19%), and 18 to 24 year olds were more likely (34%) than other groups to report the same.

Respondents with and without disabilities similarly experienced an unexpected large drop in income in the past year (31% and 30%, respectively). However, 41% of respondents reporting a household annual income of $25,000 or less experienced a large drop in income in the past year.



These findings may indicate that some low-income respondents may not experience chronic low-income status, but may instead be reporting newer or more recent low household income status due to an unexpected drop in income. On the other hand, the majority of respondents with disabilities – 63% of whom reported an annual income of $25,000 or less – may be reporting on a longer-term low family income, as indicated by the finding that 65% did not experience an unexpected drop in the year prior to data collection.

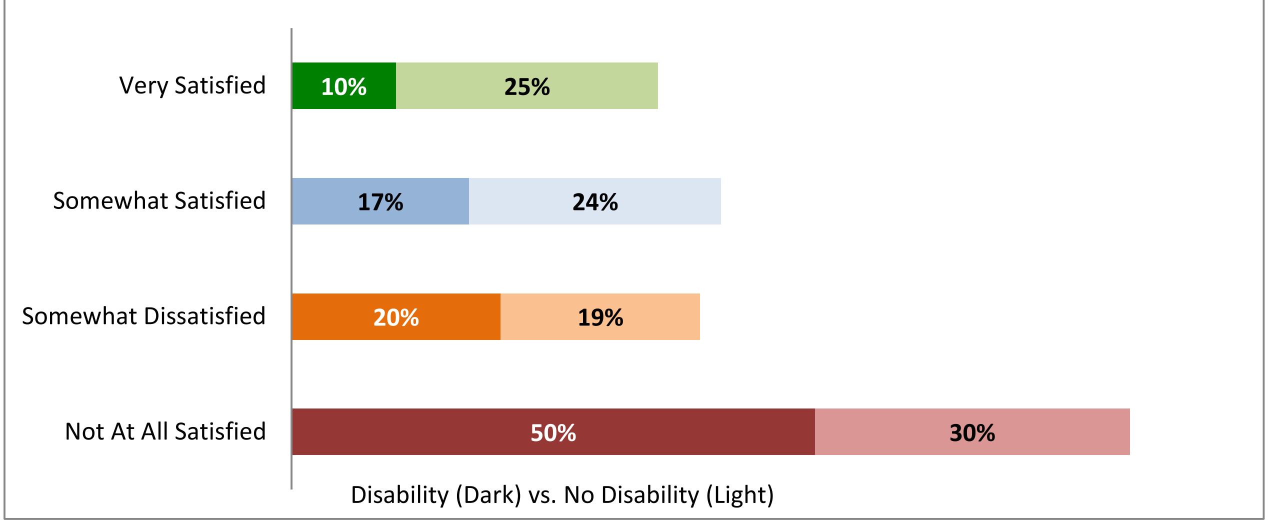
Among respondents with disabilities, single respondents with disabilities were more likely to experience an unexpected drop in household income (26%) compared to partnered respondents with disabilities (36%). Women with disabilities were also more likely to report an unexpected drop in income (35%) compared to men with disabilities (26%), and 18 to 24 year olds (41%) were more likely to report experiencing an unexpected drop in income than other age groups.

Satisfaction with Personal Finances

The NFCS also measured respondents' subjective feelings about their current financial situations. Overall, respondents with disabilities report less satisfaction with personal finances compared to other respondents. For instance, only 10% of respondents with disabilities report being *very satisfied*[10] with their financial condition compared to 25% of other respondents being *very satisfied* with their financial condition. Respondents with disabilities are also more likely to report being *not at all satisfied* with their finances (50%) compared to others (30%).

[10] Reported as an 8 to 10 on a 10-point scale (1 = "Not At All Satisfied" and 10 = "Extremely Satisfied")

How satisfied are you with your current personal financial condition?
(1 = "Not at all satisfied" and 10 = "Extremely satisfied")



Among respondents with disabilities, single respondents were more likely to report being *not at all satisfied* with their current financial situation (36%) as compared to partnered respondents reporting the same (28%). Overall, single respondents were also more likely to report *some* level of dissatisfaction[11] with their financial situation (74%) compared to 65% of partnered respondents reporting the same. Women with disabilities were more dissatisfied than men with their current financial situation, and people aged 35-44 (36%) and 45-54 (35%) were more dissatisfied than other age groups.

Indicators of Financial Stress

The NFCS also included several measures of financial stress. Financial stress includes the use of loans or hardship withdrawals from retirement accounts to cover expenses, being late on mortgage payments, and overdrawing checking accounts.

Respondents with disabilities that have *at least one* retirement account (*n* = 324; 24%) report comparable levels of financial stress to respondents without disabilities, as indicated by their similar reports of taking loans (12% for both) and taking hardship withdrawals (7% and 9%, respectively) from their retirement accounts in the past year.

Among respondents with disabilities, single respondents were less likely to take a hardship withdrawal (3%) than were partnered respondents (8%). Respondents reporting an annual household income of $25,000 or less were more likely to report taking a loan (16%) or hardship withdrawal (19%) than other groups.

[11] Reported as an 1 to 5 on a 10-point scale (1 = "Not At All Satisfied" and 10 = "Extremely Satisfied")

Retirement account loans and hardship withdrawals			
		Loan	**Hardship Withdrawal**
Disability	Single	13%	3%
	Married	11%	8%
	Total	**12%**	**7%**
No Disability		12%	9%
Income < $25,000		16%	19%

Although respondents with disabilities are less likely to be homeowners (39%) than other respondents (59%), respondents with disabilities appear to have greater difficulty making timely mortgage payments. Thirty-one percent of mortgage holders with disabilities report making at least one late mortgage payment in the last two years (8% once, and 23% more than once), whereas 21% of mortgage holders without disabilities made at least one late mortgage payment (8% once, and 13% more than once). Thirty-six percent of homeowners with an annual household income of $25,000 or less reported making at least one late mortgage payment.

Among respondents with disabilities, single respondents were more likely to report being late on at least one mortgage payment (40%) compared to partnered respondents (28%). Women with disabilities were more likely to report making at least one late mortgage payment (35%) compared to men with disabilities (26%).

Late mortgage payment				
		Once	**More than once**	**Total**
Disability	Single	7%	33%	**40%**
	Partnered	8%	19%	**28%**
	Total	**8%**	**23%**	**31%**
No Disability		8%	13%	**21%**
Income < $25,000		12%	24%	**36%**

Among all respondents with checking accounts, 29% of people with disabilities *occasionally* overdrew their checking account, compared to 21% of people without disabilities. Of the people with disabilities who overdrew their checking account, the majority of respondents (48%) are ages 35-54 and over half (59%) have an annual income of $25,000 or less.

Overdraw checking account								
		Age			Income			
	Total	**18-34**	**35-54**	**55+**	**< $15-25K**	**$25-50K**	**$50-100K**	**$100+**
Disability	**29%**	13%	48%	40%	59%	24%	14%	3%
No Disability	**21%**	30%	36%	36%	20%	27%	34%	19%

An interesting difference between the two groups of respondents is present with regard to income. Among people with disabilities, 83% of people overdrawing their checking accounts make $50,000 *or less*. Among other respondents, over half (53%) of people overdrawing their checking accounts have an annual income of $50,000 *or more*. In other words, for respondents with disabilities, overdrawing one's checking account was more common among individuals with lower incomes, whereas the opposite was true for respondents without disabilities.

In general, women with disabilities were more likely to overdraw their checking account (32%) compared to men (25%), and non-White respondents were less likely to overdraw their checking account (34%) compared to White respondents (36%).

Unpaid Medical Bills

People with and without disabilities reported similar health insurance coverage; respectively, 81% and 78% have health insurance. However, people with disabilities were more likely to have unpaid medical bills (44%) compared to respondents without disabilities (25%) and those with an annual household income of $25,000 or less (35%).

Unpaid medical bills													
		Gender		Age					Income				
	Total	**Female**	**Male**	**18-24**	**25-34**	**35-44**	**45-54**	**55+**	**< $15-25K**	**$25-50K**	**$50-100K**	**$100+**
Disabilities	**44%**	56%	44%	4%	10%	15%	36%	35%	65%	23%	12%	1%
No Disabilities	**25%**	56%	44%	13%	26%	21%	20%	20%	33%	33%	26%	8%

Regardless of disability status, women were slightly more likely (56%) to have unpaid medical bills. However, the majority of people with disabilities that had unpaid medical bills were notably older than other respondents, with 71% being 45 years or older. This is compared to over half (59%) of other respondents with unpaid medical bills being 18-44 years old. Moreover, nearly two-thirds (65%) of people with disabilities with unpaid medical bills had an annual household income of $25,000 or less. This is compared to 33% of other respondents with unpaid medical bills having an annual household income of $25,000 or less.

Interestingly, among respondents with disabilities, single respondents were less likely to have health insurance (78%) compared to partnered respondents (84%), but they were less likely to report having unpaid medical bills (41%) than partnered respondents (48%). Overall, women with disabilities were more likely to have unpaid bills (48%) compared to men with disabilities (40%).

Financial Fragility

The NFCS also measured financial fragility as an indicator of one's ability to make ends meet, specifically whether or not they had the financial capability to deal with major unexpected expenses. When asked about their ability to come up with $2,000 if an unexpected need arose within the next month, people with disabilities were notably less confident about this ability than those without disabilities.

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

	Disabilities			No Disabilities		
	Kids	No Kids	Total	Kids	No Kids	Total
I am **certain** I could come up with $2,000	9%	11%	**10%**	30%	40%	**36%**
I could **probably** come up with $2,000	16%	14%	**14%**	24%	20%	**22%**
I could **probably not** come up with $2,000	21%	15%	**17%**	17%	13%	**14%**
I am **certain I could not** come up with $2,000	50%*	55%	**53%**	24%	22%	**23%**

Fifty-three percent of respondents with disabilities were certain they *could not* come up with $2,000. This is compared to 23% of other respondents reporting the same.

Among respondents with disabilities, 63% of single respondents reported they were certain they *could not* come up with $2,000. This is compared to 43% of partnered respondents reporting the same. Also among respondents with disabilities, confidence in one's ability to come up with $2,000 generally increased with age. However, women with disabilities reported less confidence compared to men with disabilities. It is possible that asset limits tied to specific income and asset-based public benefits may discourage saving among individuals with disabilities who receive such benefits.

Sources of Income

The NFCS also collected data on respondents' sources of income over the past 12 months. Given their with disabilities status, it is not surprising that respondents with disabilities much more frequently (69%) reported federal or state benefits (e.g., unemployment, disability, SSI, TANF) as their primary source of income as compared to other respondents (17%). Furthermore, respondents with disabilities were less likely to report alternative sources of income compared to other respondents, with the exception of social security retirement benefits (24% for each group).

Sources of income received over the past 12 months

	Disabilities			No Disabilities			Income < $25,000		
	Retired	Non-Retired	Total	Retired	Non-Retired	Total	Retired	Non-Retired	Total
Salaries, wages, freelance pay or tips	15%	26%	**25%**	26%	74%	**65%**	10%	47%	**42%**
Social Security retirement benefits	61%	22%	**24%**	78%	11%	**24%**	75%	10%	**20%**
Other federal or state benefits (e.g., unemployment, disability, SSI, TANF)	67%	69%	**69%**	16%	17%	**17%**	28%	31%	**31%**
Payments from pension plan	34%	6%	**8%**	60%	10%	**19%**	25%	4%	**7%**
Money from family members who do not live in household	15%	17%	**17%**	6%	22%	**19%**	9%	27%	**24%**
Income from a business	4%	3%	**3%**	8%	17%	**15%**	2%	10%	**9%**
Withdrawals from retirement accounts (e.g., 401k, IRA, Keogh)	14%	4%	**4%**	28%	10%	**13%**	8%	5%	**6%**

Respondents with disabilities that received federal or state benefits were older than other respondents receiving federal or state benefits. More specifically, 69% of respondents with disabilities were 45-64 years old. For respondents without disabilities, receiving federal or state benefits was most common among 25-34 year olds (22%) and 45-54 year olds (22%).

Among respondents with disabilities, single respondents were notably less likely to report receiving the following sources of income as compared to partnered respondents: salaries, wages, freelance pay or tips (9% vs. 43%); Social Security retirement benefits (20% vs. 28%); payments from a pension plan (4% vs. 11%); and withdrawals from retirement accounts (2% vs. 7%).

Respondents reporting an annual household income of $25,000 or less most commonly reported receiving income from salaries, wages, freelance pay or tips (42%), although 31% of low-income respondents collecting federal or state benefits. They were only slightly more likely to report receiving income from retirement account withdrawals (6%) and from a business (9%) compared to respondents with disabilities. These low-income respondents were also notably less likely to collect federal or state benefits other than Social Security retirement benefits (31%) as compared to respondents with disabilities.

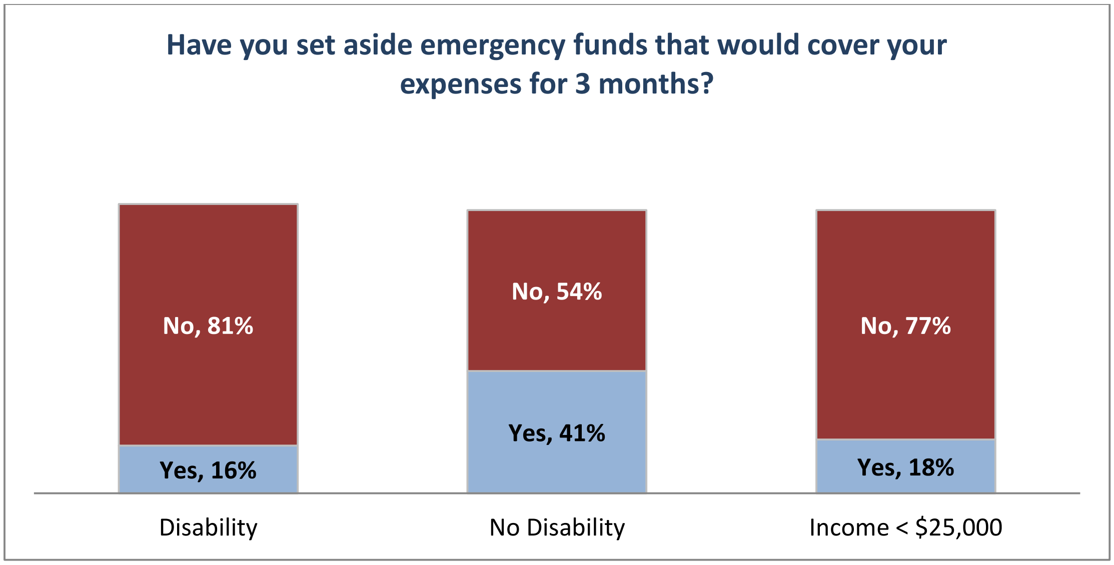
2. Planning Ahead

Planning ahead is another component of financial capability measured in the NFCS. Planning ahead includes having emergency savings, planning for retirement and children's college education, making investments, and seeking professional financial advising.

Rainy Day Funds

According to the NFCS, the majority of people in the United States do not have rainy day funds set aside (56%), specifically enough money to cover household expenses for three months. However, people with disabilities are notably less likely to have set aside rainy day funds as compared to respondents without disabilities. More specifically, 81% of people with disabilities *do not* have rainy day funds set aside as compared to 54% of other respondents.
Seventy-seven percent of respondents reporting an annual household income of $25,000 or less do not have rainy day funds set aside.

Women with disabilities, especially non-White women, were less likely to have rainy day funds (12%), compared to men with disabilities (20%).



Planning for Retirement

The NFCS also asked respondents about retirement planning. Questions captured which types of retirement accounts respondents and households had, if any, as well as questions about general financial planning for retirement. Only 22% of respondents with disabilities have *at least one* household retirement account. This is compared to 59% of other respondents having at least one household retirement account.

Overall, respondents from *non-retired households*[12] are less likely to report figuring out their retirement savings needs compared to retired respondents. However, respondents with disabilities, whether retired or not, were less likely than other respondents to report preparing for retirement. For example, 17% of non-retired respondents with disabilities have determined their retirement savings needs, as compared to 38% of other non-retired respondents. Among non-retired respondents with disabilities, single respondents were less likely to plan for retirement (14%) compared to partnered respondents (20%).

Figured out retirement saving needs			
	Non-Retired	**Retired**	**Total**
Disability	17%	40%	**18%**
No Disability	38%	53%	**41%**

[12] The NFCS created *household retirement status* based on respondents' reports of marital status as well as individual and partner work/employment status. Households were coded as one of the following: "1 = non-retired household," "2 = retired household - respondent retired" or "3 = retired household – respondent not working and spouse retired."

Among respondents from *retired households*, having disabilities again reflected less planning prior to retirement, with 40% reporting planning for retirement. This is compared to 53% of other retired respondents having planned for retirement. In general, retired women with disabilities were more likely to have planned for retirement (49%) than retired men with disabilities (26%), and retired non-White respondents were less likely to have planned for retirement (17%) compared to White respondents (47%). Overall, people with disabilities do not appear to have the financial capability to plan ahead with regard to retirement savings.

Eighteen percent of respondents with disabilities report having a retirement plan through a current or previous employer, including a pension plan, a Thrift Savings Plan, or a 401k. Among respondents without disabilities, 53% reported having a retirement plan through a current or previous employer. Among respondents with an annual household income of $25,000 or less, 15% reported retirement plans through a current or previous employer.

Employer-provided retirement plans			
	Disabilities	**No Disabilities**	**Income < $25,000**
Provided through partner's current/past employer	63%	28%	39%
Provided through respondent's current/past employer	16%	34%	43%
Provided through both respondent and partner's current/past employer	20%	37%	14%
Total	**18%**	**53%**	**15%**

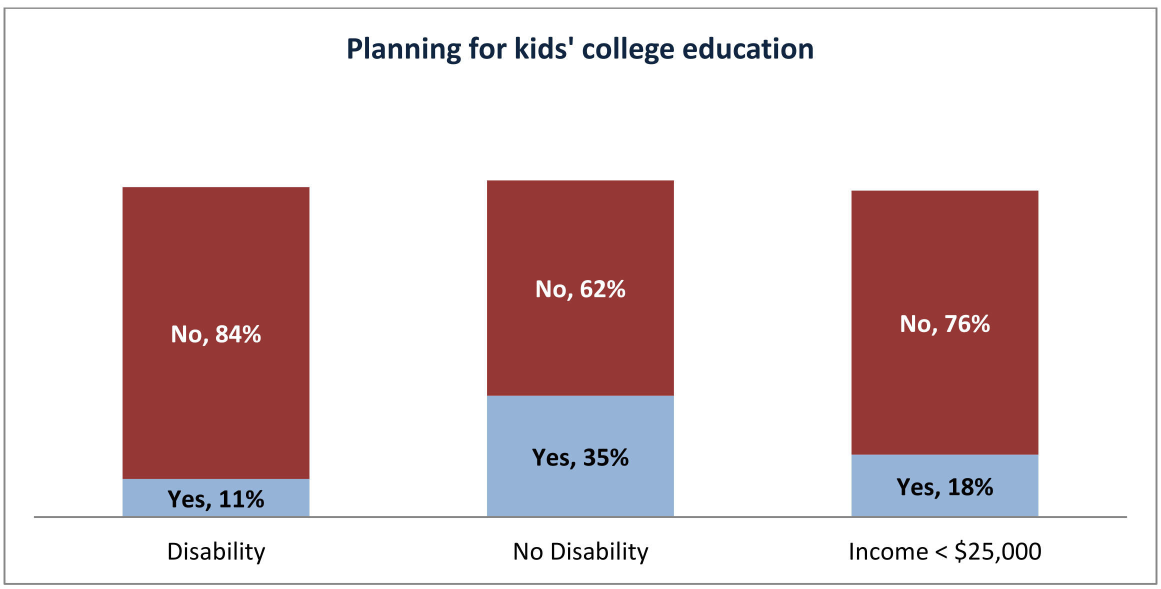
Respondents with disabilities were also less likely to report that their employer-provided retirement plan allowed for them to choose how the money is invested (40%) as compared to 63% of other respondents reporting this type of employer-provided retirement plan.

When asked about other retirement accounts not through an employer, such as an IRA, SEP, or another type of account, only 8% of respondents with disabilities reported having such an account. This is compared to 29% of respondents reporting other types of retirement accounts. Additionally, respondents with disabilities were less likely to report making regular contributions to their retirement accounts (51%) compared to other respondents (65%). Among respondents reporting an annual income of $25,000 or less, 42% of respondents report making regular contributions.

Among respondents with disabilities, single respondents were less likely to have *any* type of retirement account as compared to partnered respondents, including: employer-provided retirement accounts (7% vs. 30%) and other retirement accounts (5% vs. 11%).[13]

Planning for College

Among all respondents with financially dependent children (*n* = 9,865; 40%), only 34% report setting aside money for their children's college education.[14] Planning for college is notably lower among respondents with disabilities, with only 11% setting aside funds. This is compared to 35% of respondents without disabilities setting aside money for their children's college education. Among respondents reporting an annual income of $25,000 or less, 18% report setting aside funds for their children's college education.



Investments and Financial Advisors

Investments in stocks, bonds, mutual funds, or other securities are another important component of planning ahead. However, just over one-third (35%) of respondents have investments outside of retirement accounts. This number is even lower among respondents with disabilities (10%) as compared to other respondents (36%).

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[13] Partnered respondents reported on self and/or their spouse/partner's retirement accounts whereas single respondents report solely on their own retirement accounts.
[14] FINRA Investor Education Foundation, "National Financial Capability Study 2012," http://www.usfinancialcapability.org/downloads/NFCS_2012_Report_Natl_Findings.pdf.

Among respondents with disabilities, 7% of single respondents report having investments in stocks, bonds, mutual funds, or other securities compared to 14% of partnered respondents. Respondents with disabilities aged 45 and older were the most likely to report such investments.

Investment vehicles		
	Disabilities	**No Disabilities**
Employer-provided retirement accounts	18%	53%
Alternative retirement accounts	8%	29%
Have non-retirement investments	10%	36%

Consulting a financial professional for advice is also an indicator of financial planning. Just over one-third (35%) of respondents with disabilities report meeting with a financial advisor in the last five years. This is compared to 51% of respondents without disabilities reporting the same.

Have sought professional financial advising about:		
	Disabilities	**No Disabilities**
Debt counseling	8%	9%
Savings or investments	11%	30%
Taking out a mortgage or a loan	9%	31%
Insurance of any type	23%	19%
Tax planning	6%	21%
Any of the above	**35%**	**51%**

Financial advising about insurance was the most common type of advising for respondents with disabilities, whereas other respondents most commonly sought advising for taking out a mortgage or loan.

Among respondents with disabilities, single respondents were less likely to report seeking financial advice for the following matters, as compared to partnered respondents: savings or investments (7% vs. 16%); taking out a mortgage or loan (7%

vs. 12%); and insurance of any type (20% vs. 26%). Seeking any type of financial advising was most common among respondents with disabilities aged 35 and older.

Risk Preferences

According to the NFCS, attitudes toward financial risk are related to how people make decisions about financial investments. Respondents with disabilities are less likely to take risks with financial investments as compared to respondents without disabilities and respondents earning an annual income of $25,000 or less. Thirty-five percent of respondents with disabilities report they are *not at all* willing to take risks. This is compared to 15% of respondents without disabilities reporting they are not at all willing to take risks and 25% percent of respondents earning an annual income of $25,000 reporting the same.

Among respondents with disabilities, single respondents were more likely to report being *not at all* willing to take financial investment risks (39%) compared to partnered respondents (31%).

3. Managing Financial Products

Financial capability was also assessed by measures of respondents' management of financial products, including: banking practices; methods of income and making payments; home ownership and mortgages; as well as management of other debts, including credit cards, student loans and other methods of borrowing.

Methods of Receiving Income

When asked about the methods of receiving household income in a typical month, direct deposit was the most common method reported by all respondents. However, respondents with disabilities are less likely to receive income via checks and cash as compared to other respondents.

Methods of receiving income

	Disabilities	No Disabilities	Income < $25,000
Direct deposit to a checking account or savings account	74%	73%	54%
Checks (i.e., paper checks that need to be deposited or cashed)	27%	41%	34%
Cash	13%	22%	26%
Prepaid debit cards (e.g., payroll card from an employer, or alimony or unemployment payments that you receive on a card)	14%	10%	14%

Respondents with an annual household income of $25,000 or less report greater receipt of cash income (26%) compared to other groups. Thirty-four percent of low-income respondents report receiving checks; 14% report using prepaid debit cards; and 54% report using direct deposit as a method of receiving income.

Among respondents with disabilities, single respondents were less likely than partnered respondents to report the following methods of income in a typical month: checks (22% vs. 32%) and direct deposit (70% vs. 78%).

Banking

Although only a small number of all respondents are unbanked (*n* = 1,558; 7%), there are notable differences in the banking practices of respondents with disabilities and other respondents. Respondents with disabilities are twice as likely to only have a checking account as compared to other respondents, and they are also less likely to have both a checking account and savings account.

Utilization of Banking Services				
	Unbanked	**Checking Only**	**Savings Only**	**Checking and Savings**
Disabilities	10%	34%	4%	47%
No Disabilities	7%	17%	2%	71%

Among respondents with disabilities, single respondents were less likely to report having a checking account compared to partnered respondents (22% vs. 32%) and/or a savings account (44% vs. 57%). Male respondents with disabilities were more likely to have a checking account (83%) compared to female respondents (77%) with disabilities, and non-White respondents were more likely (55%) to have a savings account compared to White respondents (48%).

Methods of Making Payment

Eighty-eight percent of all respondents use cash to make payments *at least sometimes*. However, debit cards were the *most frequently used* method of payment.[15] More specifically, 45% of respondents with disabilities frequently use debit cards, similar to 46% of other respondents reporting frequent use of debit cards. However, only 12% of respondents with disabilities frequently use credit cards, whereas 31% of other respondents report frequent use of credit cards. One possible reason for this disparity is limited access to credit among individuals with disabilities.

[15] FINRA Investor Education Foundation, "NFCS 2012," http://www.usfinancialcapability.org/.

How often do you use each of the following methods of payments (e.g. for shopping, for paying bills or for any other purposes)?						
	Disabilities			**No Disabilities**		
	Never	**Sometimes**	**Frequently**	**Never**	**Sometimes**	**Frequently**
Cash	11%	50%	37%	10%	54%	33%
Paper checks	39%	45%	14%	29%	54%	15%
Credit cards	56%	30%	12%	31%	35%	31%
Debit cards tied to bank account	26%	26%	45%	26%	26%	46%
Pre-paid debit cards	72%	17%	8%	75%	17%	6%
Online payments directly from bank account	43%	26%	29%	29%	33%	35%
Money orders	65%	22%	10%	73%	19%	5%
Tapping/waving mobile phone over sensor at checkout	95%	1%	< 1%	91%	5%	2%

Respondents reporting an annual household income of $25,000 were more likely to report *frequently* making cash payments (46%) than other groups. Low-income respondents were also more likely to report *ever* using credit cards for making payments (39%) compared to other groups and were more likely to report ever using a mobile phone at checkout to make payments (5%) as compared to respondents with disabilities. Low-income respondents less commonly reported ever making online payments linked to a bank account (49%) than other groups.

Frequency of methods of payment for respondents with income < $25,000			
	Never	**Sometimes**	**Frequently**
Cash	10%	43%	45%
Paper checks	50%	35%	12%
Credit cards	58%	26%	14%
Debit cards tied to bank account	30%	26%	41%
Pre-paid debit cards	70%	18%	9%
Online payments directly from bank account	48%	28%	21%
Money orders	63%	25%	9%
Tapping/waving mobile phone over sensor at checkout	92%	4%	2%

Among respondents with disabilities, single respondents were *less likely* to report the following methods of making payments as compared to partnered respondents: paper checks (11% vs. 17%) and debit cards tied to a bank account (43% vs. 48%). Single respondents with disabilities were *more likely* to report making cash payments (39%) than were partnered respondents (34%).

Home Ownership and Mortgages

Respondents with disabilities are *less likely* to be homeowners (39%) than other respondents (59%). Low-income respondents earning an annual household income of $25,000 or less were *least likely* to report home ownership (28%). Among respondents with disabilities, single respondents were less likely to be homeowners (27%) compared to partnered respondents (52%), and White respondents are more likely to be homeowners (44%) compared to non-White respondents (25%). Overall, homeowners with disabilities were most commonly White males aged 55 or older.

Home ownership, mortgages, and equity loans

	Disabilities			No Disabilities	Income < $25,000
	Single	Partnered	Total		
Homeowners	27%	52%	**39%**	59%	28%
Have mortgages	41%	60%	**53%**	61%	35%
Have equity loans	12%	11%	**11%**	18%	11%

Among homeowners with disabilities, 53% had mortgages and 11% had home equity loans. Also among homeowners with disabilities, single respondents were less likely to have mortgages (41%) than partnered respondents (60%). This is compared to 60% of other homeowners having mortgages and 18% having home equity loans. Homeowners with an annual household income of $25,000 or less were least likely to report having a mortgage (35%), and 11% report having home equity loans.

To measure home equity, respondents reported on whether or not they owed more on their homes than what they could sell them for today. Respondents with disabilities indicated having similar home equity to respondents without disabilities, with 22% and 25%, respectively, reporting they owed more on their homes than they were worth.

However, among respondents with disabilities, single respondents were more likely to report owing more on their homes than they are worth (22%) than partnered respondents (27%). Moreover, non-White respondents were more likely to report owing more on their home than it’s worth (34%) compared to White respondents (24%).

Thirty-two percent of homeowners with an annual household income of $25,000 or less reported owing more on their homes than they were worth.

The percentage of respondents that had been involved in a foreclosure process in the past two years was also similar for all groups (ranging from 3-4%).

Credit Cards

Of all respondents (*n* = 18,605; 73%), 71% report having at least one credit card, and 26% report having more than four credit cards. However, the percentage of respondents with disabilities that owned any credit cards (47%) is substantially lower than the percentage of other respondents with credit cards (73%). Among respondents with disabilities, single respondents were less likely to have any credit cards (42%) compared to partnered respondents (52%). Also, male respondents with disabilities were more likely to report having any credit cards (51%) compared to female respondents (43%).

Number of credit cards								
	Income	**None**	**1**	**2 - 3**	**4 - 8**	**9 - 12**	**13 - 20**	**20+**
Disabilities	< $15k	67%	14%	12%	4%	< 1%	< 1%	0%
	$15-25k	59%	14%	15%	9%	1%	< 1%	0%
	$25-35k	44%	16%	24%	12%	< 1%	< 1%	0%
	$35-50k	25%	20%	35%	11%	3%	1%	1%
	$50-75k	20%	19%	41%	14%	3%	0%	0%
	$75-100	15%	14%	44%	16%	2%	6%	0%
	$100+	13%	8%	40%	23%	8%	7%	0%
No Disabilities	< $15k	60%	18%	13%	5%	1%	< 1%	< 1%
	$15-25k	45%	18%	23%	9%	1%	< 1%	< 1%
	$25-35k	33%	19%	27%	16%	2%	< 1%	< 1%
	$35-50k	24%	18%	33%	19%	2%	< 1%	< 1%
	$50-75k	14%	17%	37%	25%	3%	1%	< 1%
	$75-100	9%	13%	37%	32%	5%	1%	< 1%
	$100+	5%	9%	35%	41%	7%	2%	1%
Income < $25,000	< $15k	61%	17%	13%	5%	1%	< 1%	< 1%
	$15-25k	47%	18%	22%	9%	< 1%	< 1%	0%

Respondents with disabilities were the *least likely* to pay off their credit card(s) in full (30%) compared to respondents without disabilities (50%) as well as respondents earning an annual household income of $25,000 or less (41%). Similarly, respondents

with disabilities are also the *most likely* to carry over a balance and accrue interest and other fees.
Among respondents with disabilities, a larger percentage of single respondents report paying their credit cards in full (33%) compared to married respondents (28%). However, single respondents were slightly more likely to carry a balance (33%) than partnered respondents (28%).

Additionally, 63% of respondents with disabilities did not collect information about different cards from more than one company in order to compare credit card features nor did 61% of other respondents. Among respondents with disabilities, non-White respondents were less likely (24%) to compare credit cards than were White respondents (30%).

Student Loans

Thirteen percent of respondents with disabilities have student loans, as compared to 21% of other respondents. However, the percentage of respondents with disabilities expressing concern about their ability to pay off student loans (72%) was higher than for other respondents with student loans (53%).

Although similar percentages of single respondents with disabilities and partnered respondents with disabilities indicated having student loans, single respondents were more likely to express concern over repayment (76% vs. 70%). However, White respondents with disabilities were less likely to have student loans (10%) than non-White respondents (20%), and non-White respondents were more likely to express concern over repayment (78%) compared to White respondents (68%).

In the past year…			
	Disabilities	**No Disabilities**	**Income < $25,000**
I always paid my credit card in full	30%	50%	41%
In some months, I carried over a balance and was charged interest	61%	49%	50%
In some months, I paid the minimum payment only	47%	34%	45%
In some months, I was charged a late fee for late payment	20%	16%	21%
In some months, I was charged an over the limit fee for exceeding my credit line	11%	8%	12%
In some months, I used the cards for a cash advance	16%	11%	16%

Respondents earning an annual household income of $25,000 or less more commonly report having student loans (20%) as compared to respondents with disabilities (13%). However, they were also slightly less likely to report concern regarding the repayment of their student loans (68%) as compared to respondents with disabilities (72%).

Non-Bank Borrowing

Non-bank borrowing was assessed by asking respondents about non-bank methods of borrowing in the last five years, including using a pawn shop, taking a short term "payday" loan, using a rent-to-own store, taking out an auto title loan, and getting an advance on a tax refund. Thirty percent of all respondents used at least one method of non-bank borrowing.

Methods of non-bank borrowing in the last five years		
	Disabilities	**No Disabilities**
Pawn shop	28%	17%
Short term "payday" loan	17%	12%
Rent-to-own store	16%	10%
Auto title loan	8%	9%
Tax refund advance	7%	8%
Used one or more	**41%**	**29%**

Respondents with disabilities utilized more non-bank borrowing methods than other respondents. In total, 41% of respondents with disabilities used at least one non-bank method of borrowing in the last five years as compared to 29% of other respondents. However, the types of non-bank borrowing were similar for both groups, with using a pawn shop and taking a short term "payday" loan being the most commonly reported methods.

Among respondents with disabilities, single respondents reported similar non-bank borrowing behaviors to those of partnered respondents. However, single respondents were more likely to report using a rent-to-own store (85% vs. 80%).

Debt

Respondents with disabilities have different types of debt than that of other respondents, although each group of respondents reports a fair amount of debt. Among all respondents with disabilities, unpaid medical bills were the most common type of debt reported (44%), followed by non-bank borrowed funds (41%), and carrying a credit card balance (28%). For other respondents, homeownership was the most common type of debt (38%), followed by carrying a credit card balance (36%), and having an auto loan (31%).

Types of debt		
	Disabilities	**No Disabilities**
Have mortgage or home equity loan	21%	38%
Carry credit card balance	28%	36%
Have auto loan	19%	31%
Use non-bank borrowing	41%	29%
Have unpaid medical bills	44%	25%
Have student loan	13%	21%

When asked to report on their self-perceptions of debt, 50% of respondents with disabilities reported some level of agreement with the statement "I have too much debt right now."[16] This is compared to 41% of other respondents reporting the same. Among respondents with disabilities, men were less likely to strongly agree (35%) that they had too much debt as compared to women (40%).

Credit Reports

Respondents with and without disabilities are similar in their reports of checking their credit reports in the last month (35% vs. 39%) as well as their reports of checking their credit scores (39% vs. 43%).

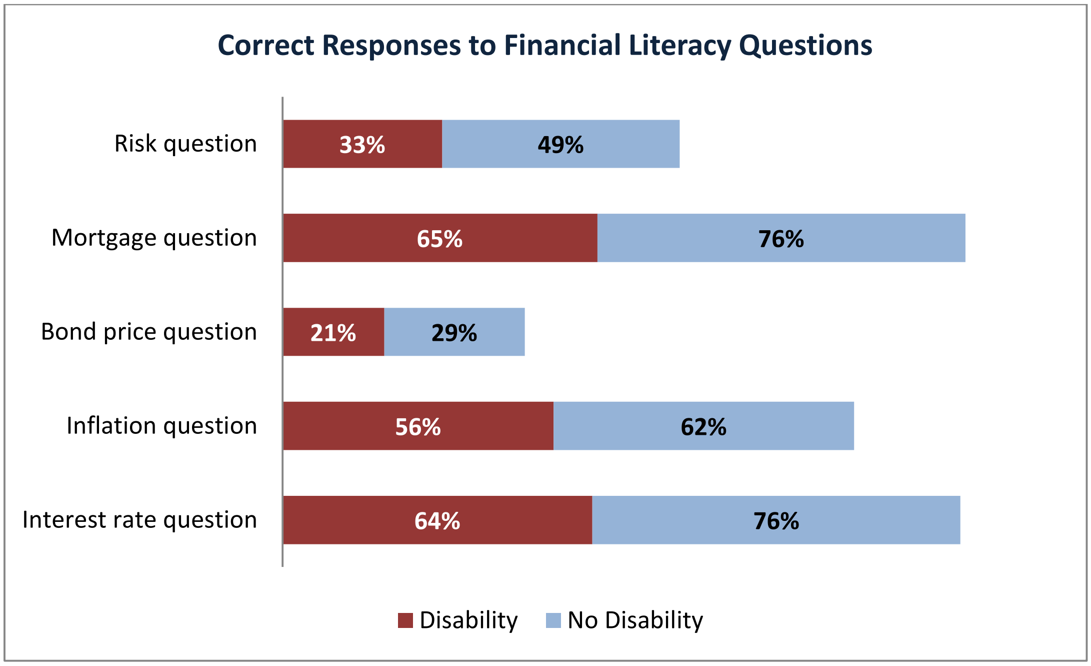
Among respondents with an annual household income of $25,000 or less, 28% report getting a credit report and 32% checking their credit score in the last 12 months.

4. Financial Knowledge and Decision-Making

Financial knowledge refers to the understanding and skills one has about general financial matters, which impacts financial decision-making. The NFCS measured respondents' subjective perceptions of financial knowledge and also included objective measures of financial literacy related to economics and finance.

[16] Reported a 5 to 7 on a 7-point scale (1 = "strongly disagree" and 7 = "strongly agree")

Financial Literacy



Among respondents with disabilities, the highest correct response rate for any single question was 65%, compared to 76% of other respondents answering a single question correctly. On average, respondents with disabilities answered less than three of the five questions correctly (*m* = 2.8, *sd* = 1.23), and only 6% answered all five questions correctly. This is compared to other respondents answering, on average, just over three questions correctly (*m* = 3.2, *sd* = 1.28), and with 15% of respondents answering all five questions correctly.

Self-Perceptions of Financial Knowledge

Despite the number of respondents scoring relatively low on measures of financial literacy, respondents rated themselves favorably on measures of financial knowledge, as indicated by their level of agreement with the statements “I am good at dealing with day-to-day financial matters, such as checking accounts, credit and debit cards, and tracking expenses” and “I am pretty good at math.”

Measures of financial knowledge		
	Disabilities	No Disabilities
I am good at dealing with day-to-day financial matters	68%	77%
I am good at math	67%	77%
High overall financial knowledge	61%	74%

Over two-thirds (68%) of respondents with disabilities believe they are good at dealing with financial matters,[17] and 67% believe they are good at math. Other respondents reported higher self-perceptions of their financial knowledge. More specifically, 77% believe they are good at dealing with day-to-day financial matters, and 77% believe they are good at math.

Among respondents with disabilities, single respondents reported lower assessments of their overall financial knowledge (57%) compared to partnered respondents (66%).

Financial Education

The NFCS also measured respondents' exposure to financial education at an educational institution or place of employment, including the military.

Was financial education offered by a school or college you attended, or a workplace where you were employed?		
	Disabilities	No Disabilities
Yes, but I did not participate in the financial education offered	5%	10%
Yes, and I did participate in the financial education offered	11%	20%
No	70%	60%
Don't know/No answer	14%	11%

Among those who participated in the financial education, respondents with disabilities were equally likely to have received the education at high school (64%) as they were to have received the education in college (64%). Among other respondents that participated in financial education, college was the most common place for receiving financial education (71%). The two groups are equally likely to believe that financial

[17] Reported 5-7 on a 7-point scale (1 = "strongly disagree" and 7 = "strongly agree")

education should be taught in schools (89%); given the lower educational attainment of many people with disabilities, education in early years may be especially important.

Conclusions and Recommendations

People with disabilities are generally marginalized from the economic mainstream, as indicated by notably lower levels of overall financial capability and economic security compared to people without disabilities. Although this report is only able to examine financial capability among the subpopulation of people that selected “permanently sick, disabled, or unable to work” in response to the study’s question on current work status, we now have important new knowledge about the financial situation of some people living with disabilities.

This report identifies several striking differences among respondents with and without disabilities. Overall, respondents with disabilities had less education and notably lower income compared to other respondents. Respondents with disabilities also had greater difficulty making ends meet, including covering monthly expenses, spending more than the household annual income, making timely mortgage payments, and accessing $2,000 if the need arose. Non-white respondents, especially women, appear to have the greatest difficulty making ends meet. Respondents with disabilities were also more likely to report receiving federal or state benefits such as unemployment, disability, Supplemental Security Income (SSI), or Temporary Aid to Needy Families (TANF) as a source of income rather than alternative sources, such as salaries, wages, freelance pay or tips, payments from a pension plan, income from a business, and withdrawals from a retirement account.

Respondents with disabilities were also less likely to make financial plans for the future. For example, these individuals were notably less likely than other respondents to have rainy day funds set aside in case of emergency, and they were less likely to have any retirement accounts or plan for retirement. Respondents with disabilities were also less likely to plan for their children’s college education or seek financial advising from a professional, the latter of which may be indicative of an inability to access such services rather than a lack of desire for professional assistance. Again, non-White female respondents with disabilities seemed to have done the least financial planning for the future.

With regard to managing financial products, respondents with disabilities continued to differ from other respondents in several important ways. First, persons with disabilities were less likely to have student loans, perhaps due to having received lower levels of education or having received disability-based assistance programs for tuition, yet they were more likely to express concern over repayment. Second, respondents with disabilities were more likely to carry over a balance on their credit cards and accrue interest, and use non-bank borrowing methods more often than other respondents.

Third, people with disabilities were also less likely to have “good debt,” such as a mortgage or an auto loan – each of which is indicative of having credit and is also a way to build one’s credit. On the other hand, these respondents were more likely to have “bad debt” such as non-bank borrowing (e.g., pawn shops) and unpaid medical bills. Finally, respondents with disabilities scored lower on measures of financial literacy, and were less likely to have received financial education.

Overall, it appears that persons with disabilities who are unable to work are at greater risk for financial instability and economic hardship than others – particularly people with disabilities who are single, younger, women, have low income, and from racial/ethnic minority groups. People living at the intersections of these identity categories may have the least financial capability due to the compounded barriers to accessing employment and financial resources. Furthermore, single people with disabilities do not have the benefit of accessing a dual income or salaries and wages as do married/partnered households.

While the findings presented within this report provide important insight into the financial capability of people with disabilities, it is important to keep in mind the limitations of these findings in drawing conclusions. First, to our knowledge, the original study did not intend to seek representativeness of people with disabilities. Given the far-reaching disparities experienced by people with disabilities, and that many approaches to data collection inadvertently exclude respondents with disabilities, particularly those with intellectual or psychiatric disorders,[18] it is likely that they were under-represented in the original study.

We also do not have information about the presence of disability among respondents indicating a current work status as something other than “permanently sick, disabled, or unable to work”; we expect some of these people also have disabilities. As a result, we do not have information, for example, about respondents who may have been forced into retirement due to a disability, or people that have disabilities and are currently employed, actively seeking work but are currently unemployed, or who do not participate in the labor force for other reasons, including those who experience chronic unemployment and are “discouraged workers.” We also do not have information about the type or severity of respondents’ disabilities; all factors that may impact financial capability.

[18] David C. Stapleton, Andrew J. Houtenville, Robert R. Weathers II, & Richard V. Burhauser, “Purpose, Overview, and Key Conclusions,” in *Counting Working-age People with Disabilities: What Current Data Tell Us and Options for Improvement,* eds. A. J. Houtenville, D. C. Stapleton, R. R. Weathers, & R. V. Burkhauser (Kalamazoo, MI: W. E. Upjohn Institute for Employment Research, 2009).

The limited information about people with disabilities in the National Financial Capability Study is reflective of the general oversight of people with disabilities "in mainstream discussions of the latest statistics on unemployment, income, poverty, and other measures of the status of the population,"[19] including research on at-risk populations. In the current report, we have data particular to respondents with disabilities without additional information on the nature, including duration, of the disability. Small samples sizes also inhibit the production of statistics for subgroups of people with disabilities, so meaningful comparisons are not feasible.

Despite these limitations, the data presented in this report have important implications for policy and practice. More attention must be made to support people with disabilities, especially those whose disability impacts their employment status, in addressing their financial capability needs. Multiple federal agencies including the Department of Labor Employment and Training Administration and Office of Disability Employment Policy, the Department of Education Office of Special Education Programs and Rehabilitative Services Administration, the Social Security Administration, Centers for Medicare and Medicaid Services, and the Department of Health and Human Services Administration on Community Living have begun to fund demonstrations and systems change activities to advance the employment and economic status of youth and adults across the spectrum of disabilities. There is a growing new momentum within government at a national, state, and local level in coordination with the private sector to design and test new strategies to enable greater access to economic security for individuals with disabilities. Innovative tools and strategies to improve access to the Earned Income Tax Credit (EITC) and other favorable tax provisions, integration of financial coaching and counseling within the delivery of human and social services, and peer support systems such as Independent Living Centers and advocacy groups and alternative credit building options, have initiated a shift in focus from making ends meet to raising expectations, changing thinking and behavior, and setting specific objectives to advance a better economic future for individuals across the spectrum of disability.

No single strategy or solution will quickly reverse the findings in this study. However, National Disability Institute, in cooperation with government, financial institutions, businesses, and community groups, will continue to advance innovative approaches that increase access for individuals with disabilities to financial tools and services that foster informed decision-making, build financial confidence and improve financial capability. This report is an urgent call for communities, government, and financial institutions to join the front lines of the battle against poverty for our nation's most vulnerable citizens.

[19] Ibid.,

Recommendations

We offer three recommendations to accelerate system changes in policy and practice.

1. Design and test innovative intervention strategies.

Public and private sector stakeholders, including financial institutions, employers, government, and community groups, must work together to design bold new intervention strategies that support the development of financial skills and knowledge of youth and adults with disabilities. Together we can embrace a new paradigm anchored by a commitment to work, saving, and long-term planning for a better economic future. Government investment in the public infrastructure of schools, colleges, universities, American Job Centers, Social Security area offices, Community Health Centers, Aging and Disability Resource Centers, Protection and Advocacy agencies, Public Housing, Health Exchanges, and Vocational Rehabilitation field offices offers existing platforms to blend and braid lifelong learning opportunities to advance financial capability for persons with disabilities. State plan development requirements of multiple human and social service systems and the collection of data to measure performance at an individual and systems level offer key anchors to require development of financial capability that leads to effective informed decision-making and a pathway to economic stability and security for individuals with disabilities and their families.

Workforce Development, Education, and Treasury Innovation funds offer the potential to focus on public-private collaborations to integrate financial capability development with other social and human service delivery systems and supports.

2. Establish a cross-system task force to build a collaboration strategy.

By executive order, a Presidential Task Force should be established to accelerate the development of a comprehensive cross-agency strategy that explores policy and practice challenges and opportunities at a state and community level. Over an 18-month period this Task Force could identify cross system collaboration opportunities that integrate financial capability development as a part of education, workforce development, and career pathways strategies. There are teachable moments when an individual with a disability receives his or her first paycheck, is offered retirement savings options, selects a financial institution, and begins to think longer term about personal goals and pathways to economic security beyond the public benefits system. Financial capability is an important skill set that enhances self-concept and level of community participation. The Task Force would identify state and community models of public and private sector collaboration that are producing changes in thinking and behavior and consider policy and program changes that sustain and replicate promising practices. Youth and adults with disabilities benefit from government support related to education, healthcare, housing assistance, transportation, and workforce development. The Task Force would explore collaboration opportunities across programs and funding to build in capacity to make informed financial decisions and increase expectations about a better economic future. The Task Force would also identify specific policy barriers and solutions to improve informed financial decision making and financial capability.

3. Improve available information about people with disabilities.

To gain more accurate and informative data regarding people with disabilities, we offer several suggestions for improving future research. Under mandate from the Affordable Care Act, the U.S. Department of Health and Human Services Office of Minority Health developed standard criteria for collecting data on people with disabilities from a functional perspective. The Office of Minority Health suggests the following dichotomous (yes/no) items as the minimum standard of measuring disability: serious difficulty hearing (indicative of a hearing disability); serious difficulty seeing (indicative of a visual disability); serious difficulty walking or climbing stairs (5 years and older; indicative of an ambulatory disability); difficulty remembering or making decisions due to physical, mental, or emotional condition (5 years and older; indicative of a cognitive disability); difficulty dressing or bathing (5 years and older; indicative of a self-care disability); and difficulty visiting a doctor's office or shopping due to a physical, mental, or emotional condition (15 years and older; indicative of an independent living disability).[20] Thus, research should, at a minimum, follow the standard criteria for measuring disability as developed by the Office of Minority Health; we suggest data collection endeavors strive to go beyond these minimums to collect additional important information about disability.

While collecting information about respondent disability status is a key step forward, achieving full inclusion of people with disabilities in data collection efforts and valid data may require additional steps. To achieve these goals, the World Health Organization also provides the following recommendations: (1) Involve end-users throughout the research process, including people with disabilities, to ensure that the research is meaningful and useful; (2) Develop and use global common language to enable making global comparisons across studies; (3) Use a range of methodologies, including qualitative and quantitative measures of disability; (4) Disseminate research findings for use in making policy and practice revisions, as well as for use in the lives of people with disabilities, and (5) Disaggregate data by sex, age, and associated health condition.[21]

The latter suggestion highlights the importance of researchers to recognize the complexity of the identities and experiences of people with disabilities. Like all people,

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[20] U.S. Dept. of Health and Human Services Office of Minority Health, "Explanation of data standards for race, ethnicity, sex, primary languages, and disability," http://minorityhealth.hhs.gov/templates/content.aspx?ID=9228#4.
[21] World Health Organization, "World Report on Disability," http://whqlibdoc.who.int/publications/2011/9789240685215_eng.pdf?ua=1.

persons with disabilities live at the intersections of many identities that simultaneously shape their lived experience, including but not limited to their age, gender, ethnicity/racial identity, as well as their disability status. As shown in this report, it is not enough to compare people with disabilities to people without disabilities. Instead, we must consider the interactions between age, socioeconomic status, and race/ethnicity with disability status to understand the variability of living situations among people with disabilities. Several levels of economic inequality may come together to multiply disadvantage particular groups of people with disabilities.

Conclusion

The financial capability of Americans with disabilities stands in stark contrast to people without disabilities despite the Americans with Disabilities Act being enacted into law nearly a quarter century ago. Implementation of the proposed recommendations by National Disability Institute will accelerate the development of needed systemic changes to policy and practice. To government, financial institutions, foundations, businesses, and community organizations, the findings and recommendations in this report represent an urgent call for collective action that supports greater financial capability and economic stability and mobility for our nation’s youth and adults with disabilities.

About the Authors

Katherine McDonald, Ph.D., is an Associate Professor in the Department of Public Health, Food Studies and Nutrition in the Falk College of Sport and Human Dynamics and a Faculty Fellow at the Burton Blatt Institute at Syracuse University. Dr. McDonald received her B.S. with Distinction in Human Development and Family Studies with a minor in French from Cornell University and her Ph.D. in Community and Prevention Research Psychology from the University of Illinois at Chicago. Dr. McDonald uses ecological theory and social action research to understand and promote the community integration of individuals with disabilities. Her current research spans two areas: (1) Respectful, Inclusive Research with Adults with Intellectual and Developmental Disabilities. Dr. McDonald has several projects on the empirical study of human research ethics; her current project is funded by NIH. Her long-term goal is to contribute an empirical perspective to respective, inclusive research practices for adults with intellectual and developmental disabilities. (2) Participatory Action Research Addressing Disparities. Dr. McDonald conducts collaborative research with community-based organizations and community members on health, education, violence victimization, community and employment disparities experienced by individuals with disabilities; her most recent projects are funded by NIMH, CDC/AUCD, and NIDRR. Dr. McDonald's past projects include collaborations with government and business partners to address the employment of individuals with disabilities and program evaluation capacity building with social service agencies serving ethnic and racial minorities with disabilities. Dr. McDonald received the Stevens-Shapiro Fellowship from the International Association for the Scientific Study of Intellectual Disabilities, the Early Career Award from the American Association on Intellectual and Developmental Disabilities, and was an International Visiting Fellow at the University of Western Sydney in Australia. She is also a Fellow with the American Association on Intellectual and Developmental Disabilities.

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Michael Morris, J.D. is the Founder and Executive Director of National Disability Institute where he is the senior subject matter expert on cross-system collaborations, integrating financial capability development services into disability-specific and generic publically funded systems (Workforce Development, Medicaid, Education and Vocational Rehabilitation, Ticket to Work and Social Security). Mr. Morris is a recognized national leader on disability public policy and has managed more than dozen national demonstration projects with an emphasis on capacity building through multi-method training and technical assistance (TA) activities. As a former legal counsel to the U.S. Senate Subcommittee on Disability Policy and Executive Director of United Cerebral Palsy Associations, Mr. Morris is adept at complex program design and model development with engagement of public and private sector agencies/organizations to transform thinking and behavior concerning financial empowerment for economically vulnerable populations. Morris' proposal for policy development led to passage by Congress of the Assistive Technology Act. Mr. Norris is also Director if the Burton Blatt Institute at Syracuse University, a multi-disciplinary research center focused on social and economic inclusion of people with disabilities in communities worldwide. He is the co-founder of the Real Economic Impact Tour and Network, which since 2005 has assisted more than 2 million low income individuals with disabilities access the Earned Income Tax Credit and receive more than $1.8 billion dollars in tax refunds. His undergraduate degree, political science with honors, is from Case Western University, and his law degree is from Emory University School of Law in Atlanta, Georgia. Morris co-authored two publications for the National Council on Disability: *The State of 21st Century Long Term Services and Supports: Financing and Systems Reform for American with Disabilities* (2005) and *The State of 21st Century Financial Incentives for Americans with Disabilities* (2008). He is co-author of *Tax Credits and Asset Accumulation: Findings from the 2004 NOD Harris Survey of Americans with Disabilities published in Disabilities Studies Quarterly* (2005), which reported on research findings from the inaugural Disability and Rehabilitation Research Projects (DRRP) on Asset Accumulation.

Elizabeth Jennings is the Director of Training and Technical Assistance for National Disability Institute. Ms. Jennings has technical expertise in Social Security work incentives, employment for individuals with disabilities, financial capability strategies, asset development, and the provision of training and technical assistance. Her extensive experience includes serving as the Assistant Director of a DOL funded National Training and TA Center, Project Director of a Social Security Administration (SSA)-funded Benefits Planning Assistance and Outreach project serving seven counties within South Florida (including Miami and Ft. Lauderdale), Program Associate for the New York Medicaid Infrastructure Grant and the Florida Medicaid Infrastructure Grant, local Manager of a Florida Real Choice Grant, training and technical assistance provider for SSA’s Ticket to work program and for U.S. Department of Health and Human Services’ (HHS) Assets for Independence project, and Employment Consultant for clients of Vocational Rehabilitation. Ms. Jennings has provided training to thousands of service providers on SSA work incentives, return-to-work practices, the link between employment and financial stability, and asset development strategies. She has jointly written content for the US Health and Human Services Assets for Independence website and US Department of Labor Office of Disability Employment Policy website. Jennings received her B.A. in Sociology from Florida State University.

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