



# **FINANCIAL CAPABILITY OF ADULTS WITH DISABILITIES**

**FINDINGS FROM THE FINRA INVESTOR  
EDUCATION FOUNDATION  
2012 NATIONAL FINANCIAL CAPABILITY STUDY**

**NOVEMBER 12, 2014**

# Today's Moderator



***Elizabeth Jennings***

**Director, Training and  
Technical Assistance**

**National Disability Institute**

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# National Disability Institute

A national research and development organization with the mission to promote income preservation and asset development for persons with disabilities and to build a better economic future for Americans with disabilities.





# NDI's Real Economic Impact Network

- An alliance of organizations & individuals dedicated to advancing the economic empowerment of people with disabilities.
- Consists of more than 900 partners in more than 100 cities in US.
- Includes non-profits, community tax coalitions, asset development organizations, financial education initiatives, corporations & private-sector businesses, federal/state/local governments & agencies, and individuals & families with disabilities.
- All partners join forces to embrace, promote & pursue access to & inclusion of people with disabilities in the economic mainstream.

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- Powered by H&R Block, [www.MyFreeTaxes.com](http://www.MyFreeTaxes.com) is the only tax filing software to offer FREE federal and state tax preparation assistance for qualified individuals in ALL 50 states
- MyFreeTaxes partners with more than 1,000 community, nonprofit and faith-based organizations, local, state and government agencies that promote and provide on the ground support for the program
- Since 2009, MyFreeTaxes' online and in-person tax preparation and filing services have helped millions of individuals and families claim more than \$10 billion in tax credits and refunds
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# Today's Agenda

- Background of the Financial Capability Study
- Isolating Disability
- Key Aspects of the Findings
  - Making Ends Meet
  - Planning Ahead
  - Managing Financial Products
  - Making Informed Financial Decisions
- Disability Policy Recommendations
- Questions and Answers

# Webinar Outcomes

- Attendees will have a better understanding of:
  - The FINRA Investor Education Financial Capability Study
  - Key aspects of the findings when isolating respondents with disabilities
  - Implications of the key findings on the financial prosperity of people with disabilities
  - Disability policy recommendations to improve the financial outlook of people with disabilities

# Financial Capability of Adults with Disabilities

*Research Methods, Analysis and Findings*



*Michael Morris, JD*

Executive Director

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## Financial Capability of Adults with Disabilities

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

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July 22, 2014

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*National Disability Institute*



# Overview

1. Background
2. Research Methods
3. Findings
4. Conclusions



# Background

- **12-19% of US population** has a disability
  - 1 of 5 people with disabilities **cannot work**
  - **Many economic disparities**
    - » employment
    - » number of hours worked
    - » individual earnings
    - » household income
    - » poverty

# Background

- **Americans with Disabilities Act - 24<sup>th</sup>** anniversary
- Employment and economic status has seen **little change**
- Research focus on **employment challenges**, not on financial capability

# Background

- **Financial capability**: ability to make **informed financial decisions** and attaining **economic stability** and **security**
  1. Making Ends Meet
  2. Planning Ahead
  3. Managing Financial Products
  4. Making Informed Financial Decisions

# NFCS Survey

- Objective—Benchmark and better understand financial capability in America
- Timing—2009 and 2012 (pending 2015)
- Populations—National and Military
- Designed by multidisciplinary team of experts
- Covers four broad areas of financial capability and emerging issues
- Contains about 85 questions (including demographics)

**[USFinancialCapability.org](http://USFinancialCapability.org)**

# Research Methods

- Public Data Set: 25,509 respondents in 50 states
- “Adults with disabilities” = respondents with work/employment status of ***“permanently sick, disabled, or unable to work”***
  - With and without disabilities
  - Single vs. married
  - Income \$25,000 or less
  - Differences reported when 5% or more

# Findings

1,363 (5%) respondents with disabilities

	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	<b>1,363</b>	<b>5%</b>

# Findings

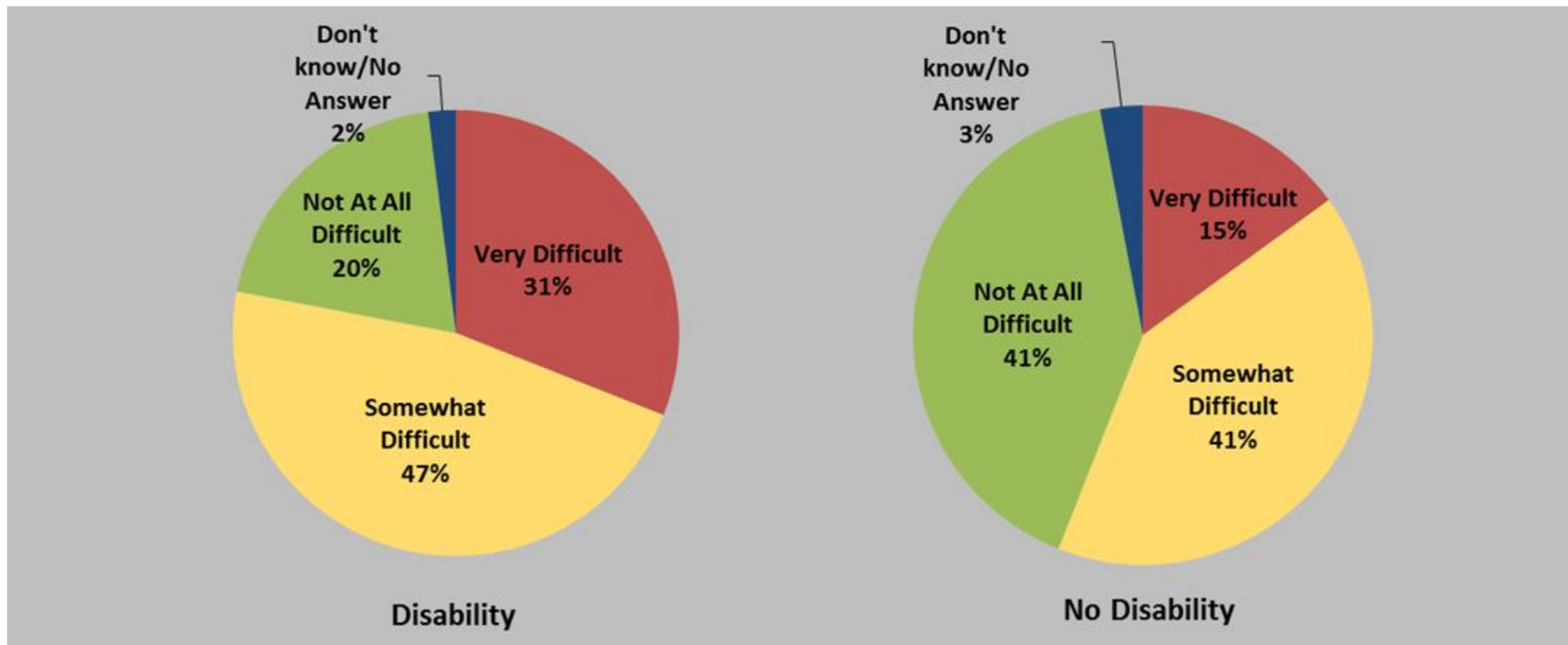
- Respondents with disabilities are more likely to:
  - Be 35+ years old
  - Be White
  - Be single
  - Have no kids
  - Have high school education or less
  - Have < \$15,000 annual household income

# MAKING ENDS MEET



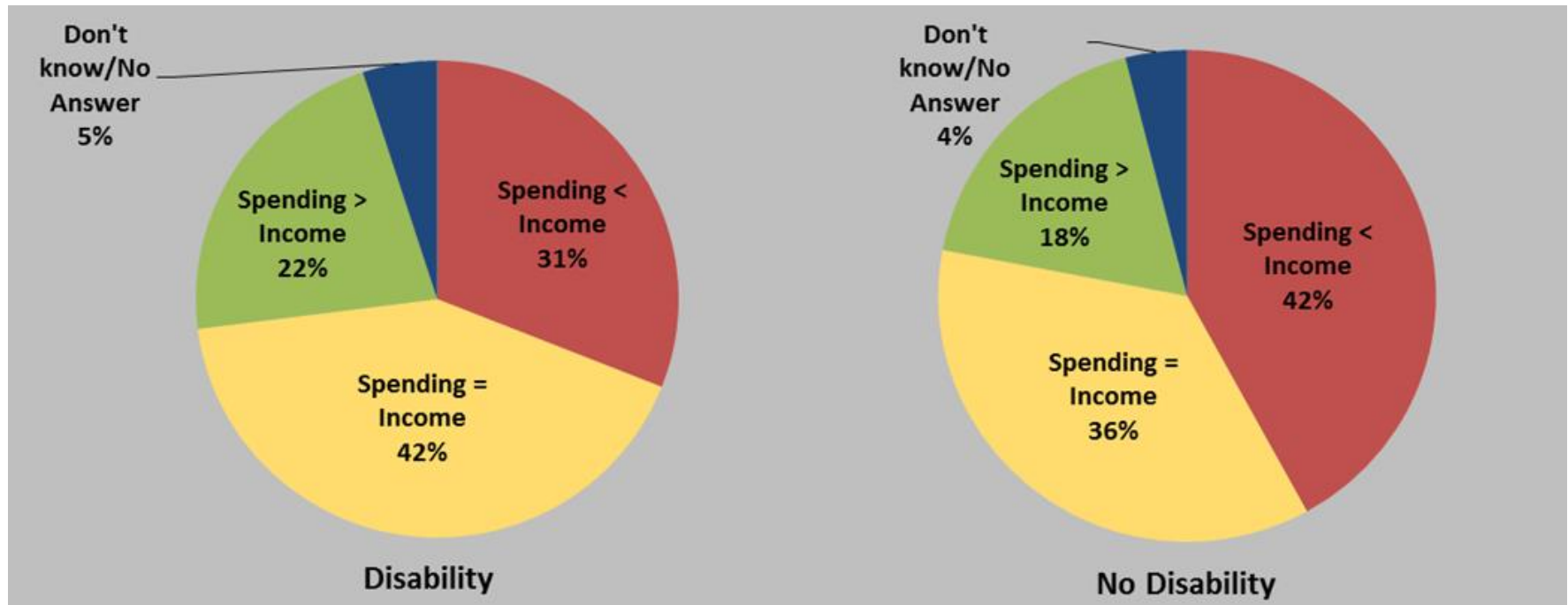
# Findings

- Greater difficulty covering expenses



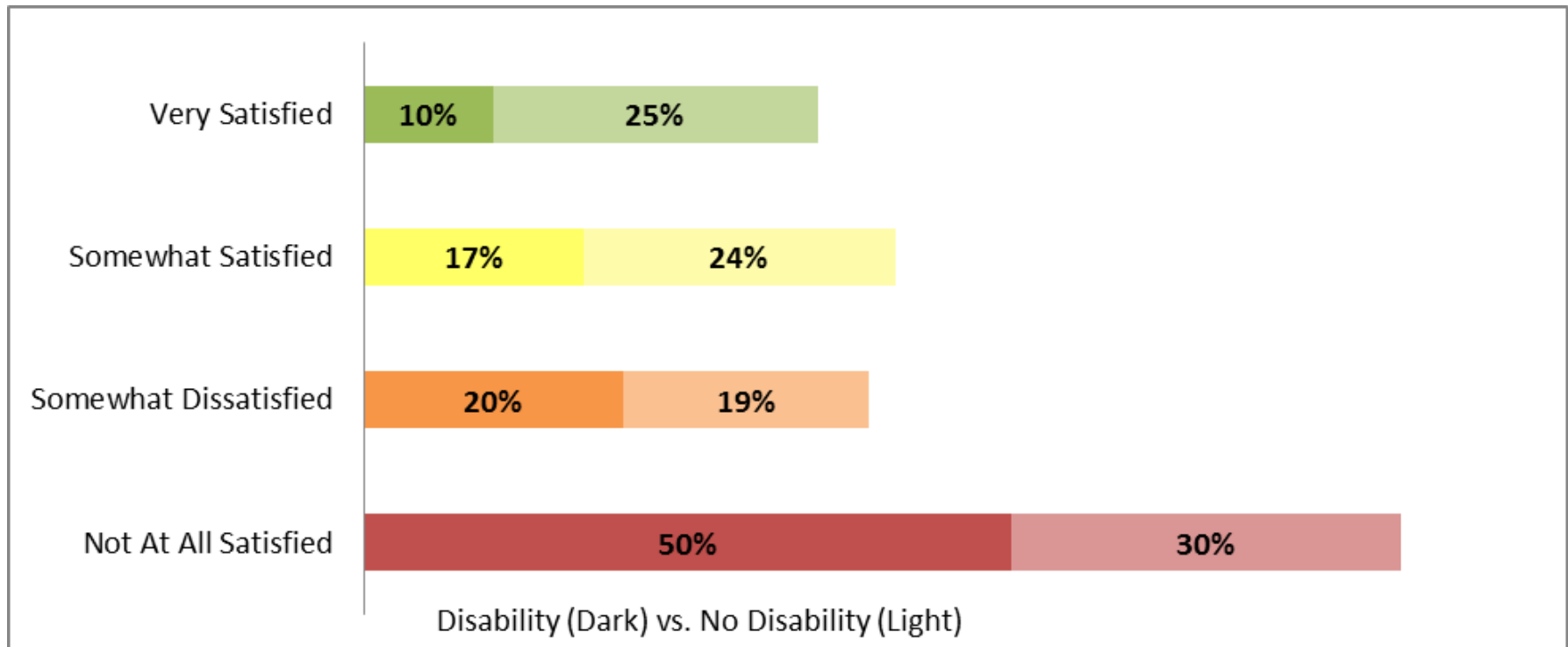
# Findings

- More likely to spend more than income



# Findings

- **Less satisfied** with personal finances



# Findings

- Greater financial stress
  - Late mortgage payments
  - Overdraw checking accounts
- Different sources of income

# Findings

- More unpaid medical bills
- Greater financial fragility

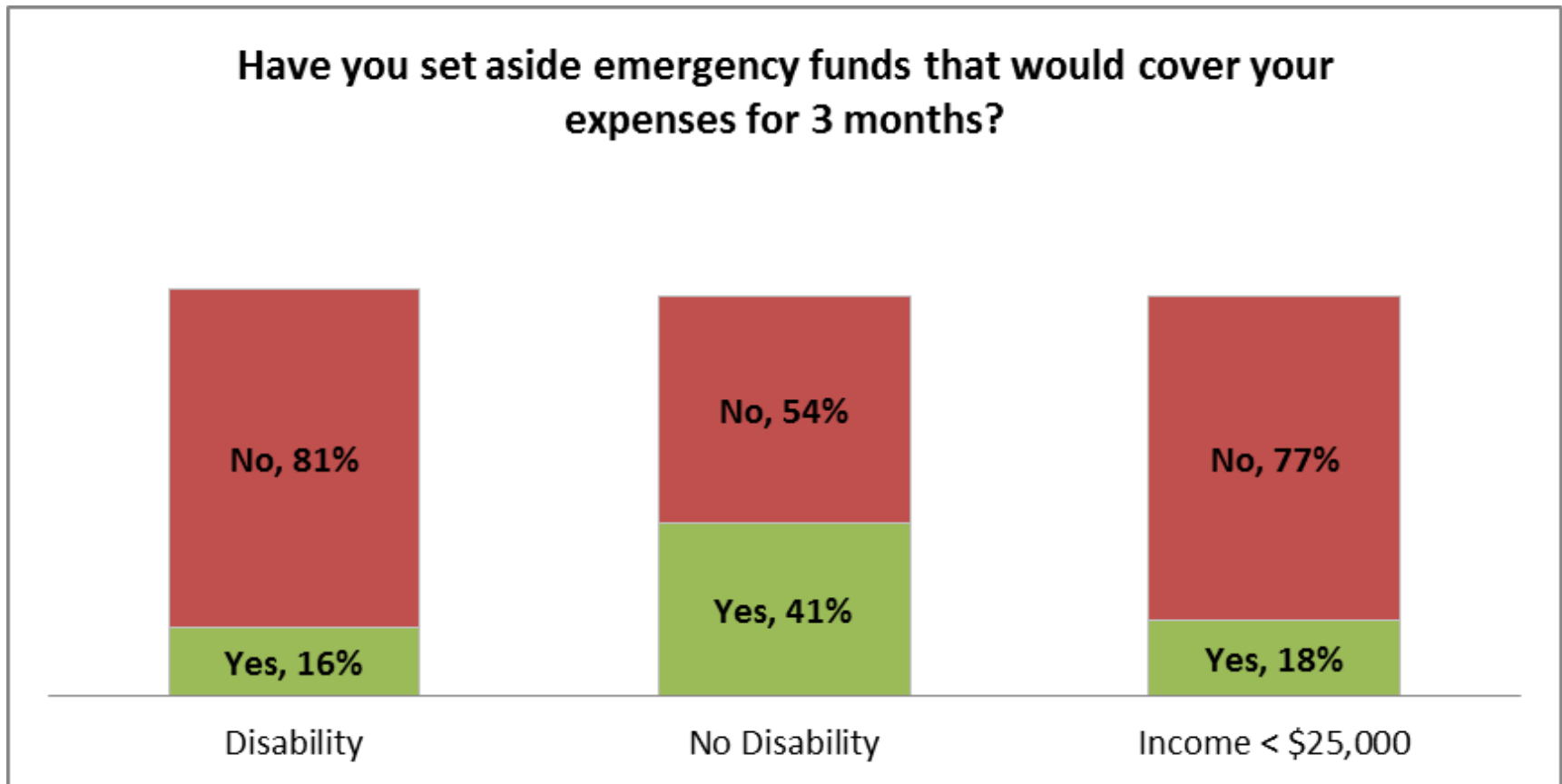
**How confident are you that you could come up with \$2,000 if an unexpected need arose within the next month?**

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

# PLANNING AHEAD

# Findings

- Less likely to have **rainy day funds**

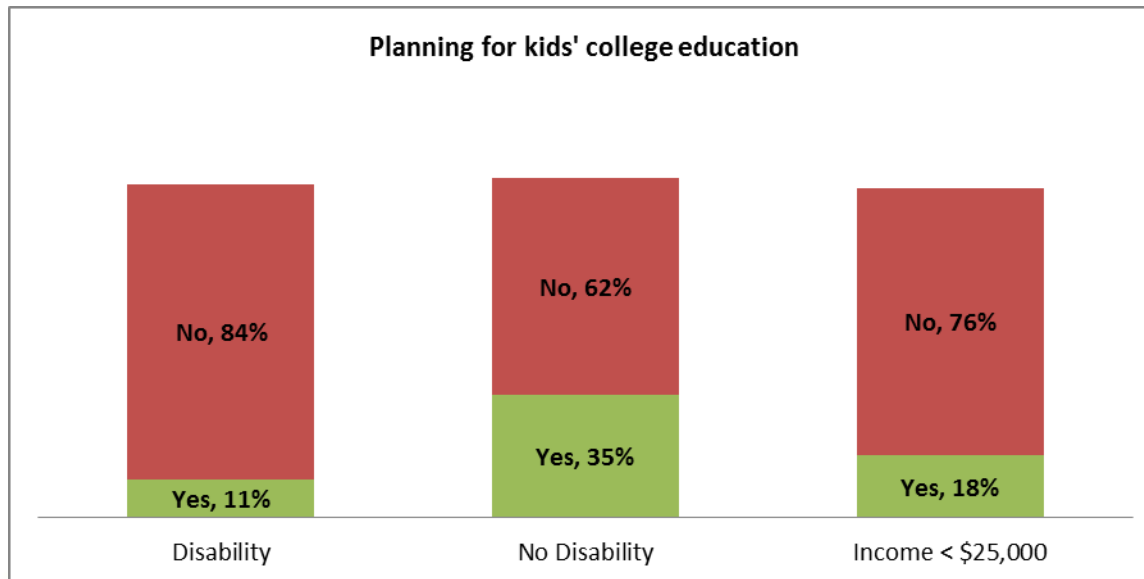


# Findings

- Less likely to **plan for retirement**

Figured out retirement saving needs			
	Non-Retired	Retired	Total
Disability	17%	40%	<b>18%</b>
No Disability	38%	53%	<b>41%</b>

- Less likely to **plan for children's education**





# Findings

- Less likely to take **financial risks**
- Less likely to have **investments**

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

# MANAGING FINANCIAL PRODUCTS

# Findings

- Less likely to:
  - Be **homeowners**
  - Have **mortgage** or equity loans
  - Have **home equity**

<b>Home ownership, mortgages, and equity loans</b>					
	<b>Disabilities</b>			<b>No Disabilities</b>	<b>Income &lt; \$25,000</b>
	<b>Single</b>	<b>Partnered</b>	<b>Total</b>		
Homeowners	27%	52%	<b>39%</b>	59%	28%
Have mortgages	41%	60%	<b>53%</b>	61%	35%
Have equity loans	12%	11%	<b>11%</b>	18%	11%

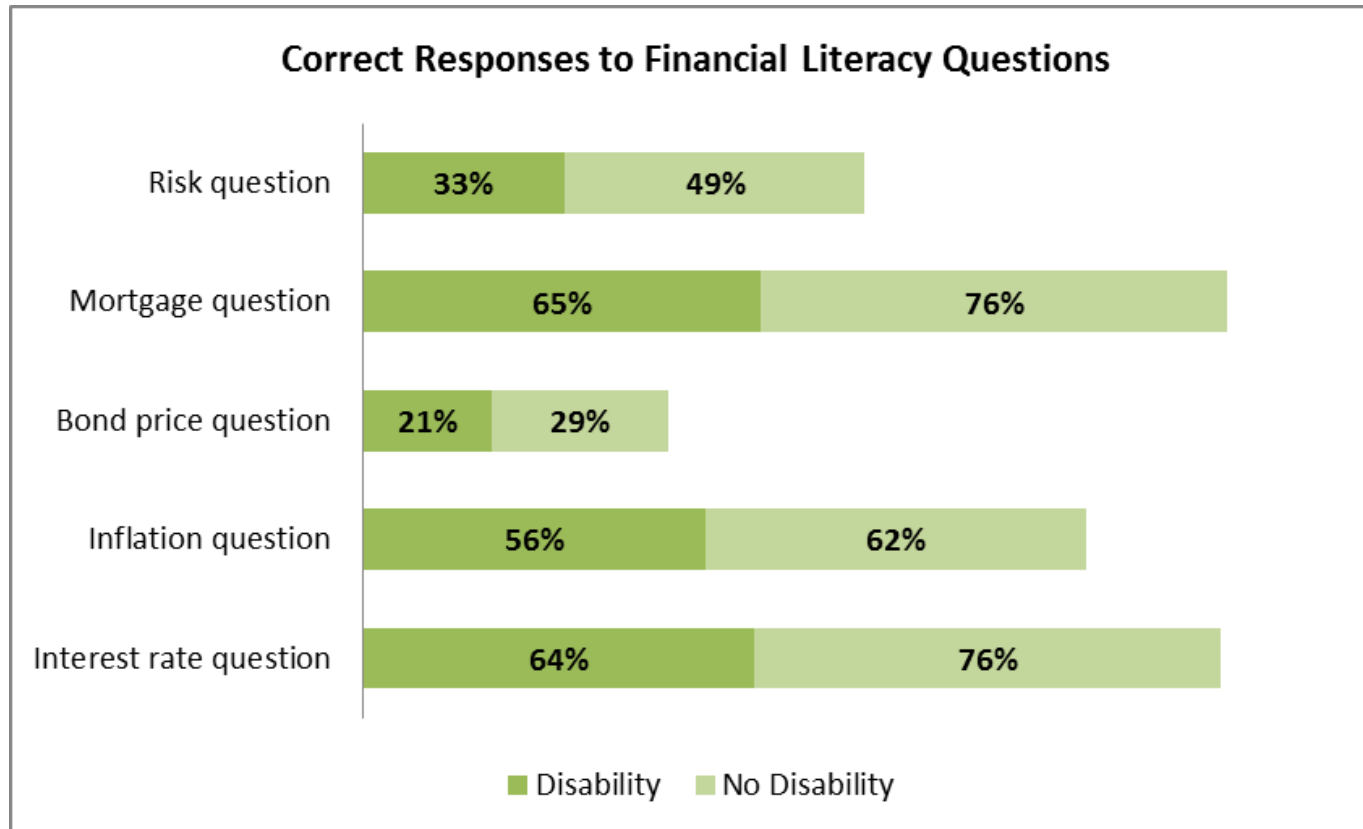
# Findings

- **Less likely to:**
  - Have credit cards
  - Pay off credit cards in full
  - Have student loans
- **More likely to:**
  - Carry balance and accrue interest on credit cards
  - Use credit cards for cash advances
  - Use non-bank borrowing

# **FINANCIAL KNOWLEDGE AND DECISION MAKING**

# Findings

- Fewer correct responses to financial literacy
- Poorer self-perceptions of financial knowledge



# Conclusions

- Respondents with disabilities report:
  - Greater difficulty making ends meet
  - Participating in less financial planning
  - Poorer management of financial products
  - Lower financial literacy
- Respondents with disabilities are at risk for greater financial hardship and economic instability, especially:
  - Women
  - Single respondents
  - Non-white respondents
  - Younger respondents
  - Low-income respondents



# **Financial Capability of Adults with Disabilities**

*Disability Policy Recommendations*



# Disability Policy Recommendations

- National Disability Institute offers three recommendations to accelerate changes in policy and practice.
- While no single strategy or solution will quickly reverse the findings in this study, a series of steps will make much-needed headway in giving all people with disabilities greater access to the economic mainstream and the opportunity to achieve their American dreams.

# Recommendation #1

- **Design and Test Innovative Strategies**
  - Engage Financial Institutions, Employers, Government and Community Groups to work together to design and implement bold new intervention strategies
  - Leverage government infrastructure
    - » Schools, colleges, universities, American Job Centers, Social Security Area Offices, Community Health Centers, Aging and Disability Resource Centers, Public Housing, Health Exchanges, Protection and Advocacy Agencies, Vocational Rehabilitation field offices
  - Blend and braid financial capability training and support within education, health, human and social service delivery systems

# Recommendation #2

- **Establish a Cross-System Task Force to Build a Collaboration Strategy**
  - By Executive Order, an 18 month Presidential Task Force to explore policy and practice challenges to advance financial capability for youth and adults with disabilities
  - Identify federal, state, and community models of effective cross-system collaboration
  - Identify specific policy barriers and solutions to improve informed financial decision-making, capability, and economic status

# Recommendation #3

- **Improve Available Information about People with Disabilities**
  - Expand the questions asked in future surveys to provide a more comprehensive picture of target audience
  - Utilize ACA mandate to collect data on people with disabilities from a functional perspective
  - Consider always disability as an important category to be researched and studied in the diversity spectrum and the interactions between age, socio-economic status, race, ethnicity, and types of disability to understand more about the diversity of people with disabilities and their current financial status, behavior, and knowledge



# Questions & Answers



# Wrap-Up & Thank You

**Join us for our next webinar:**

*Boosting Financial Stability through Tax Credits*

This webinar will cover:

- Tax credit basics - Earned Income Credit, Child Tax Credit, and Premium Tax Credit
- Resources to support tax credit outreach
- Opportunities to improve tax credit outreach activities

Wednesday, December 10<sup>th</sup> at 3pm ET

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