



## PRESS RELEASE

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## **CashIQ Financial Literacy Quiz Results Indicate Merrimack Valley Residents Are Well-Versed in Financial Basics**

*Merrimack Valley residents need more education about mortgages, student loans and retirement; CashIQ found to be a fun and innovative way to learn*

**Lawrence, Mass.** (November 27, 2018) – According to data from [Merrimack Valley Credit Union's](#) (MVCU) web-based application, "CashIQ," Merrimack Valley residents are well-versed in budgeting and saving, auto and personal loans, managing credit cards and building credit scores. However, Merrimack Valley residents need more education about mortgages, planning for life events, student loans, and retirement. Since August 2018, more than 7,000 residents have tested their financial knowledge through a series of CashIQ quizzes, learning about nine financial topics and accumulating points to earn prizes with the innovative and fun financial literacy tool.

"The data from CashIQ gave us great insight into how we can better serve our members, showing us where to put additional resources to address these topics," said Peter Matthews, President and CEO of Merrimack Valley Credit Union. "CashIQ also showed us that, regardless of how they scored, all of our members can benefit from more educational opportunities. This program gave us a directive to create new educational resources with online content and free seminars to help our members improve their financial literacy."

Although CashIQ was designed to provide an interactive way for millennials to learn about financial literacy, it appealed across generations. CashIQ quizzes addressed financial topics that most will tackle at some point in their lives: Student Loans, Planning for Life Events, Auto and Personal Loans, Budgeting and Saving, Credit Score, Credit Cards, Mortgages, and Retirement. CashIQ insights are included below:

## Retirement Savings

New Hampshire and Massachusetts rank in the top-10 of states with the highest average retirement savings: New Hampshire residents have saved \$264,624 on average, while Massachusetts residents have saved \$241,143 on average.<sup>1</sup> However, both New Hampshire and Massachusetts also fall in the top-five for the most expensive states to retire in. New Hampshire costs \$61,013 per year to have a comfortable retirement, and residents will need to save \$1.22 million to cover their expenses over the course of 20 years of retirement. Massachusetts is the most expensive state to retire in at \$64,976 a year, and residents will need to save nearly \$1.3 million to live comfortably for 20 years of retirement.<sup>2</sup> CashIQ results include:

- Less than 30 percent of CashIQ quiz takers knew they should save 15 percent of their annual income every year to maintain their current standard of living in retirement.
- Only 25 percent of CashIQ quiz takers knew retirees spend most of their savings on housing. In fact, more than 70 percent of CashIQ quiz takers thought retirees spent the most money on health care.
- While most residents pay into Social Security, only 30 percent of CashIQ quiz takers knew collecting social security at age 62 would reduce their benefit check by 25 percent; and more than 40 percent incorrectly thought they would only get to use the amount of Social Security they paid over the course of their working career.

## Mortgages

Homeownership rates are moving back to pre-Great Recession highs: more than 72 percent of New Hampshire residents own their home and more than 60 percent of Massachusetts residents own their home.<sup>3</sup> CashIQ identified several areas in which Merrimack Valley residents need more mortgage education. CashIQ results include:

- 21 percent of CashIQ quiz takers thought a home mortgage required a 20-percent down payment
- 65 percent of CashIQ quiz takers did not know an extra payment each year can shorten a mortgage term by 10 years.

## Student Loans

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<sup>1</sup> Financial Samurai. "Retirement Savings by State: Which Region is Winning?" <https://www.financialsamurai.com/retirement-savings-by-state-generation-and-more/>

<sup>2</sup> Go Banking Rates. "This is What a Comfortable Retirement Will Cost You in Every State." <https://www.gobankingrates.com/retirement/planning/comfortable-retirement-cost-state/#51>

<sup>3</sup> Madison.com. "States with the Highest/Lowest Homeownership Rates." [https://madison.com/lifestyles/home-and-garden/states-with-the-highest-lowest-homeownership-rates/collection\\_dd382e8a-72c9-51b4-bd17-3366160bcaff.html#15](https://madison.com/lifestyles/home-and-garden/states-with-the-highest-lowest-homeownership-rates/collection_dd382e8a-72c9-51b4-bd17-3366160bcaff.html#15)

New Hampshire ranks first in the country in the proportion of students graduating with debt: nearly three quarters of New Hampshire college students graduated with an average debt of \$34,415. Massachusetts is not far behind, with nearly 60 percent of college students graduating with an average of \$32,065 in debt.<sup>4</sup>

Because residents may be missing out on opportunities to save on student loan payments, they will ultimately pay more. CashIQ results include:

- Only 32 percent of CashIQ quiz takers knew interest on unsubsidized federal loans started accruing as soon as the loan was approved; armed with this information, some could choose to pay off the interest charges as they accrue to reduce the total interest paid and potentially the repayment period.
- 64 percent of CashIQ quiz takers did not know signing-up for automatic payments could reduce the interest on their federal student loans.

### **Credit Cards and Credit Score**

Both New Hampshire and Massachusetts ranked in the top-10 for states with highest average credit scores, reinforcing data collected from CashIQ indicating Merrimack Valley residents have a firm grasp on building credit scores. In 2017, the average credit score of New Hampshire residents was 701, while it was 699 for Massachusetts residents. New Hampshire residents had an average of 3.1 credit cards and carried an average credit card balance of \$6,490, while Massachusetts residents had an average of 3.21 credit cards and carried an average credit card balance of \$6,327.<sup>5</sup> CashIQ results include:

- 60 percent of quiz takers did not know credit card finance charges can go as high as 23 percent.
- 36 percent of quiz takers incorrectly thought carrying a balance on their credit cards would help to build their credit.
- One third of quiz takers did not know a credit score is used by lenders to indicate if they are a good credit risk.
- Nearly 40 percent of quiz takers did not know their payment history influences their credit scores the most.

In a survey taken by CashIQ participants, Merrimack Valley residents indicated not saving enough for retirement, making ends meet and not being able to buy a house were their top-three financial concerns. In addition to saving for retirement and down payments, respondents are also planning to save for their

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<sup>4</sup> The Institute for College Access & Success. "Project on Student Debt: State by State Data." <https://ticas.org/posd/map-state-data#>

<sup>5</sup> Experian. "State of Credit: 2017." <https://www.experian.com/blogs/ask-experian/state-of-credit/>

emergency funds in 2019. Nearly 75 percent of respondents indicated they may change how they manage their money, based on information they learned from CashIQ.

For more information about CashIQ, or to take the quizzes, visit [www.PlayCashIQ.com](http://www.PlayCashIQ.com).

**About Merrimack Valley Credit Union**

Merrimack Valley Credit Union (MVCU) is a \$614 million asset state-chartered community credit union serving anyone who lives, works, volunteers, or attends school or religious organizations in the Merrimack Valley region. MVCU offers a wide range of services to meet the financial needs of its members, and has six branch locations in Haverhill, Lawrence, Methuen, and North Andover, Mass., and Plaistow and Seabrook, N.H. To learn more about Merrimack Valley Credit Union, please visit [www.mvcu.com](http://www.mvcu.com).

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