

Financial literacy versus proficiency

Financial literacy is the foundation, providing the necessary awareness and knowledge.

Financial proficiency is the application of that knowledge to achieve positive financial outcomes.

	Financial Literacy	Financial Proficiency
Core Focus	Understanding financial concepts and principles	Applying financial knowledge and skills effectively
Emphasis	Knowledge, comprehension, awareness	Practical application, competence, decision-making
Scope	Theoretical understanding of personal finance	Real-world management of personal finances
Level of Action	Knowing <i>about</i> money	Skillfully <i>managing</i> money
Analogy	Knowing the rules of the road and how a car works	Being a skilled driver that reaches destination safely and efficiently

Sources- multiple (AI generated with Gemini)

Progressing from literacy to proficiency

(1) Test your literacy

Do you understand foundational financial literacy concepts and products?

Quiz yourself:

- [FINRA Financial Literacy Quiz](#)

Perform a self-assessment:

- [CFPB's Financial Empowerment Self-Assessment Tool](#)

(2) Plan for the life you want

1. Establish life goals and milestones
2. Calculate how you're going to fund purchases
3. Measure outcomes

Answer [big money questions](#) such as:

- *Savings needed for a comfortable retirement?*
- *Buy a house?*
- *Raise children?*
- *Pay for college?*

Use a [balanced scorecard](#)

(3) Track your financial condition

If you want to take control of your financial life and figure out how to fund all your goals, then start [following your money](#).

Steps	Actions	Estimated time allocation
Self-awareness	Establish your Personal Net Income (PNI) and indicators of financial condition	4 – 7 hours one-time
On-going enlightenment	Track PNI and indicators, and always be on the look out for opportunities to lower expenses and spend more wisely, especially when making big money decisions	3 – 6 hours per month
Periodic alignment	Communicate your financial condition to significant others, and adjust financial plans as needed	2 - 7 hours per year