# Successful Financial Goal Attainment: Perceived Resources And Obstacles

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*Perceived resources and obstacles to financial goal attainment of 520 MONEY 2000 participants are reported. Open-ended questions were used to solicit responses. The most frequently mentioned resource that helped respondents make progress toward financial goals was personal qualities (e.g., discipline, knowledge) and action. Having a goal or plan, financial publications and media, payroll deduction/automated savings, a good income, Cooperative Extension/MONEY 2000 , and seeing results were also mentioned. The most frequently mentioned challenge to financial progress was debt/credit use/spending habits. Additional obstacles were a low or reduced income, unexpected expenses and emergencies, children/children's expenses, personal qualities, and other obstacles.*

Key Words: *Financial goals, Financial resources, Financial obstacles, MONEY 2000*

Why do some individuals and families achieve their financial goals while others, who earn the same income or more, fail to make progress? Is the key to goal attainment one or more demographic variables (e.g., age, income, household size), availability of savings opportunities (e.g., employer 401(k) plans), previous successful financial experiences (e.g., debt reduction), or personal traits such as discipline and a desire for success? Understanding the answers to these questions is critical for effective financial education programs. For example, if learners identify payroll deduction as a factor that helps them make progress, they would likely be receptive to learning about more "automated" investment opportunities such as mutual fund automatic deposit plans or the U.S. Treasury Department's EasySaver U.S. savings bond purchase program. Conversely, if taxes or family members or emergencies and unexpected expenses are identified as challenges to financial goal attainment, educators should clearly address these underlying issues.

Over the years, researchers (DeVaney, 1995; Hanna & Wang, 1995; Huston & Chang, 1997; Prochaska-Cue, 1993; Rettig & Schultz, 1991; Xiao, 1996; Zhou, 1995) have studied demographic characteristics of U.S. households and other factors (e.g., financial management styles, homeownership) as predictors or indicators of financial success and/or distress. Some of these indicators have included asset ownership, retirement savings adequacy, net worth adequacy, emergency fund level, and financial ratios, all of which are common factors used to measure financial status. Other researchers have investigated factors that help or hinder financial progress by simply asking people to share their thoughts in small focus groups (Kennickell, Starr-McCluer & Sundén, 1997), through qualitative studies of the financial management practices of specific households (Muske, 1995; Muske & Winter, 1998, 1999; Thompson, Sharpe & Hamilton, 1998), or from responses to open-ended questions (O'Neill, Bristow & Brennan, 1999). This study investigated responses to two open-ended questions, "What helps you make progress toward your financial goals?" and "What challenges you the most in making progress toward

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*The Northeast Regional Center For Rural Development provided support for data collection.*

your financial goals?" This paper reports perceived resources and obstacles to financial goal attainment reported by a convenience sample of Cooperative Extension MONEY 2000 program participants.

Successful financial goal attainment requires action (e.g., regular payroll deposits, reduced expenses), which occurs during the process of behavioral change. According to the Transtheoretical Model of Change (Prochaska, DiClemente & Norcross, 1992), self-change is a gradual process that occurs in stages based on an individual's readiness to change. The six stages of behavioral change, according to the Transtheoretical Model, are precontemplation, contemplation, preparation, action, maintenance, and termination. At the contemplation stage, people say they want to change but they're not quite ready yet. Something is holding them back. By the action stage, however, they have substituted a healthy response (e.g., saving) for a problem behavior (e.g., spending) and made a positive change. A goal of family economics programs is to empower learners to improve their lives. Prochaska, Norcross and DiClemente (1994) describe two factors related to successful behavior change: countering (restructuring one's thought process to negate problem causing thoughts, replacing them with positive thoughts supporting the new desired behavior) and environmental control (restructuring one's environment to reduce the probability of a problem-causing behavior.) Understanding resources and obstacles to financial goal attainment can provide valuable clues to appropriate helping strategies matched to the learners' stage of readiness for change and the typical barriers they must overcome to move forward.

## Methodology

Data were obtained from a convenience sample of all New Jersey and New York MONEY 2000 program participants who completed a mailed survey during the fall of 1998. MONEY 2000 is a Cooperative Extension System campaign that encourages participants to set a personal financial goal, such as $2,000 of increased savings and/or debt reduction by the end of the year 2000, and to take action to achieve it (O'Neill, 1997). In return, those enrolled in the program receive a variety of educational services from Cooperative Extension including computerized debt reduction analyses, one-to-one financial counseling, all-day state conferences, local personal finance classes, and a quarterly personal finance newsletter called *MONEY 2000 News*. Participants received the survey from their county Cooperative Extension office as an enclosure with the fall 1998 issue of *MONEY 2000 News* and were given approximately two months to return it. Incentives (drawings for personal finance books) were used to encourage participation. Due to funding constraints and reliance on almost three dozen county Cooperative Extension offices to reproduce and mail the survey, no additional attempts were made to contact the sampling frame.

Although the due date to return the surveys was December 15, 1998, responses were accepted throughout January 1999. The total sample for this study consisted of 520 MONEY 2000 participants or an adjusted response rate of 23%[a]. In other words, slightly more than 20% of all persons enrolled in the MONEY 2000 program in New Jersey and New York at the time the surveys were distributed participated in the study. In addition to the two questions about financial goal attainment, the survey instrument included inquiries about motivation for enrolling in MONEY 2000, planned and actual changes in financial practices, childhood influences on personal finance knowledge, amount of increased savings and reduced debt, helpful and least helpful aspects of the MONEY 2000 program, and learning preferences (i.e., teaching methods and financial topics).

Table 1 presents the characteristics of those responding to the questionnaire. The sample is more affluent and highly educated than Americans on average with 55% reporting a household income over $45,000, compared to a 1997 U.S. median income of $37,005. The 1997 New Jersey and New York median incomes were $48,021 and $35,798, respectively (U. S. Bureau of the Census, 1999). Three of every ten respondents earned over $65,000 and almost one in ten earned over $100,000, respectively. Over half (54%) of all respondents had a 4-year college education or higher, compared to 24.4% of citizens nationwide (U. S. Bureau of the Census, 1999). Disproportionately more females than males completed the survey, as well as a high percentage of baby boomers age 35 to 54 (57% of the sample versus 42.6% of the U.S. population). Ethnicity (respondents could check more than one) and marital status more closely track national trends, however, e.g., 84% white versus 84% of the U.S. population and 55% married versus 53% of the U.S. population (U. S. Bureau of the Census, 1999).

Respondents were asked "What helps you make progress toward your financial goals?" and "What challenges you the most in making progress toward your financial goals?" Both questions were deliberately open-ended to provide a broad range of responses. Since this research was exploratory in nature and there were few similar studies, open-ended questions were used to determine exactly what respondents thought, rather than to presume possible answers. Responses were reviewed by two independent data coders and summarized with 16 categories for goal attainment resources and 18 for challenges/obstacles. Up to three categories per respondent were recorded because some responses included aspects of several categories. Descriptive statistics were used to study the frequency of various responses to the two questions. These are reported below, along with representative quotes from respondents.

**Table 1**
Characteristics of the Sample*

| Characteristic | n | % |
|---|---|---|
| *Age* | | |
| 18-24 | 6 | 1.2 |
| 25-34 | 76 | 14.8 |
| 35-44 | 152 | 29.6 |
| 45-54 | 139 | 27.1 |
| 55-64 | 85 | 16.6 |
| 65 and over | 55 | 10.7 |
| *Education* | | |
| Less than high school | 2 | 0.4 |
| Completed high school | 59 | 11.5 |
| Some college | 102 | 19.8 |
| Two year degree | 75 | 14.6 |
| Four year degree | 163 | 31.7 |
| Advanced degree | 113 | 22.0 |
| *Marital Status* | | |
| Single without dependent child(ren) | 171 | 33.2 |
| Single with dependent child(ren) | 61 | 11.8 |
| Married without dependent child(ren) | 126 | 24.5 |
| Married with dependent child(ren) | 157 | 30.5 |
| *Gender* | | |
| Male | 118 | 23.4 |
| Female | 387 | 76.6 |
| *Ethnicity (multiple responses)* | | |
| White | 425 | 83.5 |
| Native American | 9 | 1.8 |
| Black/African-American | 57 | 11.2 |
| Asian | 9 | 1.8 |
| Hispanic | 17 | 3.3 |
| Other | 8 | 1.6 |
| *Household Income* | | |
| Under $15,000 | 24 | 4.8 |
| $ 15,000- $ 30,000 | 91 | 18.1 |
| $ 30,001-$ 45,000 | 112 | 22.3 |
| $ 45,001- $ 65,000 | 122 | 24.3 |
| $ 65,001- $ 100,000 | 106 | 21.1 |
| Over $100,000 | 47 | 9.4 |
| *State of Residence* | | |
| New Jersey | 303 | 58.3 |
| New York | 217 | 41.7 |

* Frequencies and percentages are reported exclusive of missing values

### Resources For Financial Progress

Open-ended responses to the question "What helps you make progress toward your financial goals?" provide valuable insights for financial educators. An understanding of resources that learners, themselves, believe are responsible for their financial success can be used to develop the content of new or existing programs. As shown in Table 2, the most frequently mentioned resource, noted by over a third of respondents, was personal qualities or action. Having a goal or plan, financial publications and media, seeing results/progress, an adequate income, payroll deduction/automated savings and Cooperative Extension/MONEY 2000 were each also mentioned by more than 5% of respondents.

**Table 2**
Resources For Progress Toward Financial Goals

| Type of Resource | n | % * |
|---|---|---|
| Personal qualities (e.g., discipline) or action taken | 190 | 36.5 |
| Having a goal/plan | 44 | 8.5 |
| Financial publications/media/software/Web sites | 44 | 8.5 |
| Seeing results/progress/success | 42 | 8.1 |
| Adequate income/increased income/good job | 34 | 6.5 |
| Payroll deduction/automated savings or investing | 31 | 5.9 |
| Cooperative Extension/MONEY 2000 program | 30 | 5.7 |
| Decreased credit use/reduced debt/credit counseling | 26 | 5.0 |
| Frugal living/decreased expenses | 22 | 4.2 |
| Courses, seminars, workshops, and conferences | 20 | 3.8 |
| Reminders/encouragement/support/guidance | 18 | 3.5 |
| Spouse/family support and cooperation | 15 | 2.9 |
| Professional financial advisors/consultations | 14 | 2.7 |
| Discussions with/support from others (e.g., friends) | 6 | 1.1 |
| Other | 18 | 3.5 |
| No response | 60 | 11.5 |

* Percentages exceed 100% because multiple responses were given.

Two of the "over 5%" responses are the same as those provided in a 1997 study of 91 persons who attended a personal finance conference in the New York metropolitan area (O'Neill, et al., 1999). In that study, respondents were asked to list their major aids to financial success and most frequently identified payroll deduction/automated savings and financial publications/newsletters/media. Listed below are some of the exact words used by respondents to describe their financial resources.

Personal qualities or actions taken were described with comments such as those that follow:
*"Became more educated."*
*"Will power and determination."*
*"Thinking about the future and knowing that small change can really add up."*
*"Positive thinking."*
*"Wanting to be financially secure."*
*"Self control and knowledge."*
*"Keeping a budget book and yearly net worth statement."*
*"Determination to be financially self-sufficient."*
*"Personal belief 'when there's a will, there's a way'."*
*"Keeping focused regardless of what may occur."*

 

*"I'm a smart consumer: shop sales, use coupons, etc."*
*"My desire to want to eliminate debt."*

Respondents also noted the importance of planning ahead and setting financial goals:
*"Setting a goal, sticking to it, and, if unexpected situation arises, adjust as needed."*
*"Thinking about the future, planning."*
*"Working constantly on goals."*
*"Specific reasons for saving money."*
*"A definite purpose, like buying a computer."*
*"Setting them [goals], tracking them, following up on them."*

Financial publications, media, and other information sources helped respondents make progress:
*"I subscribe to three personal finance magazines."*
*"Using Quicken [software]."*
*"Learning more through radio, magazines, seminars, newsletters, newspapers, classes, TV- any way possible."*
*"Reading any and all financial information."*

Respondents also noted that seeing progress encouraged them to make even more progress:
*"Seeing actual progress."*
*"Recognizing and acknowledging small accomplishments."*
*"Seeing my debts reduced."*
*"Seeing my total debt decrease and savings toward a goal increase."*
*"Watching my mutual fund grow."*
*"Achieving goals."*
*"Seeing movement in a positive direction."*
*"It's self-feeding- the more we save, the more we want to save."*

A good job and discretionary income were recognized as resources for financial progress:
*"Being employed with enough funds to save, not just get by."*
*"Earning more money."*
*"Having a steady paycheck."*
*"A good job with an above average salary and no family to spend the disposable income on."*
*"Wife's income."*
*"Better job = more money."*

Some respondents listed payroll deduction and other forms of automated savings as resources:
*"Automatic investment plans."*
*"Paying myself first."*
*"Dollar-cost averaging."*
*"Enrollment in savings plans at work through payroll deduction."*
*"Credit union that I'm a member of helps me to save."*
*"Automatic payroll deposit into 401(k)."*

Cooperative Extension and the MONEY 2000 program were also perceived as aids to goal attainment:
*"The structure of MONEY 2000."*
*"Support from MONEY 2000 staff."*
*"MONEY 2000 reminders increase my knowledge."*
*"The literature keeps me on track."*
*"MONEY 2000 fine-tuned what I know but kept me motivated."*
*"The helpful hints that I have received pertaining to MONEY 2000."*

"Other" responses to the question about attainment of financial goals were varied and included:
*"Time to do record-keeping."*
*"Divorce."*
*"No major financial setbacks."*
*"Financial security."*
*"Just know that others face the same problems I do."*

### Chi-square Tests Results for Financial Resources

Chi-square tests were conducted between each of the resource variables and each of the demographic variables to determine if associations existed between the two groups of variables (Table 3). Marital status showed differences in three resource variables. Respondents without dependents were more likely to use courses/seminars/workshops to make progress toward their financial goals than were those with dependents. Those married with dependent children were more likely to use payroll deduction/automated savings and spouse and family support as resources. Educational level affected three resource variables. Respondents with some college or a 2-year degree were more likely than others to use financial publications and media as resources. People with a 2-year college degree or advanced degrees were more likely to cite having a written goal or plan as resources. Those with a high school or less education were more likely to use spouse and family supports.

Three resource variables showed significant age differences. People 65 and over were more likely than others to use courses, etc. as resources than were younger people. Financial publications and media, including Web sites and software, were more likely to be used by younger (age 34 and below) and older (65 and over) respondents. People with a lower household income (under $15,000) were more likely to use personal qualities/actions as resources. Black respondents were more likely to use Cooperative Extension or the MONEY 2000 program as a resource. Males were more likely to cite an adequate income or good job and spouse and family support as resources, while females were more likely to report seeing results and progress.

**Table 3**
Chi-square Test Results of Financial Resources by Demographics

| Variable | Use (%) | Chi-square (Sig.) |
|---|---|---|
| *1. Resource: courses, seminars, workshops, and conferences* | | |
| Total sample | 3.69 | |
| *Marital status* | | 8.868 (0.031) |
| Single without dependent children | 6.43 | |
| Single with dependent children | 1.64 | |
| Married without dependent children | 4.76 | |
| Married with dependent children | 0.64 | |
| *Age* | | 15.860 (0.003) |
| 18-34 years | 2.44 | |
| 35-44 years | 1.32 | |
| 45-54 years | 2.88 | |
| 55-64 years | 4.71 | |
| 65 years or over | 12.73 | |
| *2. Resource: Cooperative Extension/Money 2000* | | |
| Total sample | 5.89 | |
| *Race/ethnicity* | | 9.187 (0.010) |
| White | 4.71 | |
| Black | 15.09 | |
| other | 6.45 | |
| *3. Resource: Payroll deduction / automated savings or investing* | | |
| Total sample | 6.02 | |
| *Marital status* | | 8.025 (0.045) |
| Single without dependent children | 6.43 | |
| Single with dependent children | 4.92 | |
| Married without dependent children | 1.59 | |
| Married with dependent children | 9.55 | |
| *4. Resource: Financial publications/newsletters/media/software/web sites* | | |
| Total sample | 8.37 | |
| *Education* | | 10.376 (0.035) |
| High school or lower | 1.64 | |
| Some college | 14.71 | |
| Two year degree | 10.67 | |
| Four year degree | 7.36 | |
| Advanced degree | 6.19 | |
| *Age* | | 5.228 (0.004) |
| 18-34 years | 13.41 | |
| 35-44 years | 8.55 | |
| 45-54 years | 3.6 | |
| 55-64 years | 4.71 | |
| 65 years or over | 18.18 | |
| *5. Resource: Adequate income/increased income/good job* | | |
| Total sample | 6.53 | |
| *Gender* | | 15.623 (0.001) |
| Male | 14.41 | |
| Female | 4.13 | |
| *6. Resource: Personal qualities or actions taken* | | |
| Total sample | 36.65 | |
| *Household income* | | 16.385 (0.006) |
| Under $15,000 | 58.33 | |
| $15,000-$30,000 | 27.47 | |
| $30,001-$45,000 | 39.29 | |
| $45,001-$65,000 | 45.08 | |
| $65,001-$100,000 | 33.02 | |
| Over $100,000 | 23.4 | |
| *7. Resource: Having a goal/plan, written goals, and working toward goals* | | |
| Total sample | 8.54 | |
| *Education* | | 16.910 (0.002) |
| High school or lower | 3.28 | |
| Some college | 9.8 | |
| Two year degree | 13.33 | |
| Four year degree | 3.07 | |
| Advanced degree | 15.04 | |
| *8. Resource: Spouse/family support, cooperation, communication* | | |
| Total sample | 2.91 | |
| *Marital status* | | 8.113 (0.044) |
| Single without dependent children | 1.17 | |
| Single with dependent children | 0 | |
| Married without dependent children | 3.17 | |
| Married with dependent children | 5.73 | |
| *Education* | | 10.822 (0.029) |
| High school or lower | 4.92 | |
| Some college | 0.98 | |
| Two year degree | 8 | |
| Four year degree | 2.45 | |
| Advanced degree | 0.88 | |
| *Gender* | | 4.687 (0.030) |
| Male | 5.93 | |
| Female | 2.07 | |
| *9. Resource: Seeing results/progress/success* | | |
| Total sample | 8.32 | |
| *Gender* | | 6.733 (0.009) |
| Male | 2.54 | |
| Female | 10.08 | |

**Obstacles to Financial Progress**

Responses to the question "What challenges you most in making progress toward your financial goals?" provide important clues to factors that prevent people from moving toward the action stage of behavioral change. These factors (e.g., accumulated debt) can then be addressed with educational interventions (e.g., PowerPay debt reduction analysis). As shown in Table 4, the most frequently mentioned obstacle, noted by almost a fifth (18.8%) of respondents was debt/credit use/spending habits. This was also the most frequent response in an earlier study of metropolitan New York area conference participants (O'Neill, et al., 1999). Other responses that were each mentioned by more than 5% of respondents were low income/loss of income/irregular income/managing income; unexpected expenses/high expenses/emergencies; children/children's' expenses, personal qualities, ability to save/invest, and other.

 

**Table 4**
Obstacles to Progress Toward Financial Goals

| Type of Obstacle | n | % * |
|---|---|---|
| Debt/credit use/spending habits | 98 | 18.8 |
| Low income/loss of income/irregular income/managing income | 93 | 17.9 |
| Unexpected expenses/high expenses/emergencies | 74 | 14.2 |
| Children/children's expenses/dependents/spouse/family | 60 | 11.5 |
| Personal qualities (e.g., attitude, knowledge, behavior) | 39 | 7.5 |
| Ability to save/invest or saving/investing in general | 27 | 5.2 |
| Investing wisely and investment decisions/products | 18 | 3.5 |
| Finding answers/getting information and help | 18 | 3.5 |
| Lack of time: to manage money and time to invest | 14 | 2.7 |
| Specific life events (e.g., buying home, divorce) | 13 | 2.5 |
| Fear of change/decisions, information overload | 11 | 2.1 |
| Financial record-keeping and paperwork | 9 | 1.7 |
| Slow pace of progress/results | 6 | 1.2 |
| Volatility of financial markets/economic cycles | 5 | 1.0 |
| Procrastination | 4 | 0.8 |
| Taxes | 2 | 0.4 |
| Other | 35 | 6.7 |
| No response | 62 | 11.9 |

* Percentages exceed 100% because multiple responses were given.

Accumulated debt, credit use, and spending habits were described as barriers to progress with statements such as the following:
*"Overspending on wants instead of staying within spending plan."*
*"The realization that credit cards were eating up a large portion of my budget."*
*"Eating restaurant food ($20 a day)."*
*"Impulse buying."*
*"Lifestyle 'creep' toward greater consumption of current income."*
*"Unplanned spending and dependence on credit cards."*
*"Periods of mania when I buy too much on credit."*
*"Tired of always being in debt or behind on bills."*
*"I like to travel and buy clothes."*

A limited or inadequate income was also described as a challenge:
*"Prioritizing due to limited income."*
*"Trying to keep up with the cost of living without an increase in salary."*
*"Not earning enough money, already have 4 jobs."*
*"Finding work that pays higher wages."*
*"Having enough money to pay bills."*
*"Managing on a reduced income."*
*"Increases in cost of living as family got larger, but salary remains the same."*

Unexpected or increased expenses and emergencies were noted as obstacles:
*"Financial emergencies."*
*"Saving money for an emergency fund."*
*"Unexpected expenses that seem to pop up."*
*"Unexpected expenses (dishwasher replacement, car repair, etc.)."*
*"Social obligation expenses and emergency expenses."*
*"Overcoming setbacks and obstacles that were not foreseen."*
*"Mortgage payment is very high- limits our ability to build up a nestegg."*
*"Something unexpected always happens- an appliance needs to be repaired, a car 'dies,' etc."*
*"Managing the rainy days."*

Family members, especially children, were also viewed as a challenge:
*"My husband, he doesn't want to be bothered."*
*"Taking care of a family of 5 and still continuing to save."*
*"Family- things keep coming up when you have kids."*
*"My husband is a spender."*
*"Tuition for my children."*
*"Cooperation of spouse in spending control/debt reduction."*
*"Spending frivolously on my children."*
*"Having a moderate income and a teenage son."*
*"Sticking to a budget while raising a family."*
*"Expenditures for teenagers- they seem endless."*
*"A family that totally consumes me with their needs."*
*"My husband and I have very different styles resulting in no plan."*
*"Family leave from work to care for ill family member."*
*"Kids cost money- never seem to have enough."*
*"Talking to my family and making them aware of goals and the need to save when they want things."*

Personal traits, attitudes, knowledge, and behavior were additional obstacles:
*"Low self control."*
*"Sticking to my monthly spending plan."*
*"Lack of discipline."*
*"Uncomfortable with math."*
*"Keeping focused and on budget."*
*"Changing should of, could of, to doing and going."*
*"My wanting so much."*
*"Lack of knowledge- investment plans in 401(k)."*

 

*"The feeling of being overwhelmed and in need of support."*
*"Lack of knowledge and slight discipline problem."*

Not having (or perceiving themselves to have) the ability to save or invest money and saving/investing in general were described as follows:
*"Being able to save money."*
*"Saving and investing to have money when I retire."*
*"I do not stick with a definite saving plan."*
*"Trying to save a set amount."*
*"Saving money- never developed a habit in this area."*

"Other" responses included a variety of additional challenges:
*"Making stupid errors with regard to my vehicles."*
*"Setting goals."*
*"Hiring discrimination against 60+ seniors by employers."*
*"Feeling good to work more."*
*"Sacrifice."*
*"How to start despite little $"*
*"Thinking about education for my grandchildren and retirement."*

**Chi-square Tests Results About Financial Obstacles**

Chi-square tests were also conducted between the challenge (obstacle) variables and the demographic variables with a significance level of 5% used to report results (Table 5). Marital status showed differences in two challenge variables. Married respondents with dependent children were more likely to report children/children's expenses/family as challenges in making progress toward their goals. Singles with dependent children were more likely to cite specific life events such as buying/selling a home, divorce, and retirement.

Respondents near retirement age (55-64 years old) were more likely to report investing wisely and investment decision-making as financial challenges. Household income was associated with differences in two challenge variables. Respondents from higher income (over $65,000) families were more likely to cite children/children's expenses/family as challenges, while those from lower income ($45,000 and lower) households were more likely to refer to a low income, loss of income, or irregular income as challenges.

**Table 5**
Chi-square Test Results of Challenges by Demographics

| Variable | Have (%) | Chi-square (sig.) |
|---|---|---|
| *1. Challenge: Children/child expenses/dependents/spouse/family* | | |
| Total sample | 11.46 | |
| *Marital status* | | 28.547 (0.001) |
| Single without dependent children | 2.92 | |
| Single with dependent children | 9.84 | |
| Married without dependent children | 11.11 | |
| Married with dependent children | 21.66 | |
| *Household income* | | 21.966 (0.001) |
| Under $15,000 | 0.00 | |
| $15,000-$30,000 | 9.89 | |
| $30,001-$45,000 | 4.46 | |
| $45,001-$65,000 | 10.66 | |
| $65,001-$100,000 | 21.70 | |
| over $100,000 | 19.15 | |
| *2. Challenge: Low income/loss of income/irregular income / managing income and bills* | | |
| Total sample | 18.33 | |
| *Household income* | | 31.654 (0.001) |
| Under $15,000 | 33.33 | |
| $15,000-$30,000 | 27.47 | |
| $30,001-$45,000 | 25.00 | |
| $45,001-$65,000 | 19.67 | |
| $65,001-$100,000 | 3.77 | |
| Over $100,000 | 6.38 | |
| *3. Challenge: Investing wisely and investment decisions / products / topics* | | |
| Total sample | 3.31 | |
| *Age* | | 9.903 (0.042) |
| 18-34 years | 3.66 | |
| 35-44 years | 0.66 | |
| 45-54 years | 2.88 | |
| 55-64 years | 8.24 | |
| 65 years or over | 3.64 | |
| *4. Challenge: Specific life events, e.g. buy/sell house, divorce, retirement* | | |
| Total sample | 2.52 | |
| *Marital status* | | 9.448 (0.024) |
| Single without dependent children | 2.34 | |
| Single with dependent children | 8.20 | |
| Married without dependent children | 1.59 | |
| Married with dependent children | 1.27 | |

**Relationship between Perceived Resources and Obstacles**

For further understanding of participant behavior, resource and obstacle variables were re-coded and chi-square tests were conducted between the two sets of variables. The re-coded resource variables include self-motivation (personal quality, having a goal, payroll deduction, decreased credit use, adequate income), education (financial publications, extension programs, courses), outside support (reminders, family, financial advisors, others), seeing results, other resources, and no responses. The new obstacle variables include personal traits (credit use, personal qualities, procrastination, fear), economics (low income, ability to save), management (lack of time, slow pace of progress), finance (investing wisely, getting information, paperwork), taxes, child, emergency (unexpected expenses, volatility of financial markets, specific life events), other, and no responses. Table 6 presents the results that are statistically significant (p<.05).

**Table 6**
The Relationship Between Perceived Resources and Challenges

| | no (%) | yes (%) | chi-square (sig.) |
|---|---|---|---|
| | Personal traits as a challenge | | |
| Self-motivation as a resource | | | 5.9488 |
| no | 77.95 | 22.05 | (0.0147) |
| yes | 68.00 | 32.00 | |
| Reported any resources | | | 1.1639 (0.0008) |
| no | 90.00 | 10.00 | |
| yes | 69.35 | 30.65 | |
| | Economics as a challenge | | |
| Education as a resource | | | 4.2075 |
| no | 79.05 | 20.95 | (0.0402) |
| yes | 68.42 | 31.58 | |
| Seeing results as a resource | | | 4.412 |
| no | 76.36 | 23.64 | (0.0357) |
| yes | 90.48 | 9.52 | |
| Reported any resources | | | 7.8063 (0.0052) |
| no | 91.67 | 8.33 | |
| yes | 75.65 | 24.35 | |
| | Management as a challenge | | |
| Seeing results as a resource | | | 3.9826 |
| no | 96.65 | 3.35 | (0.046) |
| yes | 90.48 | 9.52 | |
| | Finance as a challenge | | |
| Outside support as a resource | | | 4.9619 |
| no | 95.52 | 4.48 | (0.046) |
| yes | 88.24 | 11.76 | |
| | Emergency as a challenge | | |
| Self-motivation as a resource | | | 6.2121 |
| no | 87.69 | 12.31 | (0.0127) |
| yes | 79.08 | 20.92 | |
| Reported any resources | | | 5.6621 (0.0173) |
| no | 93.33 | 6.67 | |
| yes | 80.87 | 19.13 | |
| | Other factors as a challenge | | |
| Seeing results as a resource | | | 4.1542 |
| no | 93.93 | 6.07 | (0.0415) |
| yes | 85.71 | 14.29 | |

Several pairs of perceived resource and obstacle variables showed associations. People who cited self-motivations as a resource were more likely to cite personal trait related factors as a challenge. For example, 32% of the respondents who perceived self-motivation as a resource cited personal traits as a challenge versus 22% of the respondents who did not perceive self-motivation as a resource but cited personal traits as a challenge. Also, the respondents who cited self-motivation as a resource were more likely to report emergency as a challenge (21% vs. 12%.) People who reported education as a resource were more likely to perceive economics as a challenge (32% vs. 21%.) The participants who reported outside support as a resource were more likely to perceive finance as a challenge (12% vs. 4%.) People who reported seeing results as a resource were less likely to perceive economics as a challenge (10% vs. 24%,) but more likely to perceive management (10% vs. 3%) and other factors (14% vs. 6%) as challenges. People who reported any resources were more likely than their counterparts who did not do so to report personal traits (31% vs. 10%,) economics (24% vs. 8%,) and emergency (19% vs. 7%) as challenges.

## Discussion and Implications

This study explored perceived resources and obstacles to successful financial goal attainment. For financial educators looking for factors associated with financial success, respondents' open-ended replies provide some direction. More than anything else, discipline and determination are key. Likewise, these data also identify barriers that prevent people from achieving their objectives and suggest important learning needs (e.g., strengthening family communication about money). Following are 13 specific implications for financial counselors and educators:

1. Help Learners Address Debt and Spending Issues- In this study, outstanding debt and spending habits were the most widely perceived obstacle to financial goal attainment. Although Hira and Mugenda (2000) found that women are more likely than men to buy without need and to use shopping as a method of celebration, significant gender differences with respect to debt and spending were not evident in this study. Practitioners can help learners reduce the cost of existing debt by teaching skills such as transferring debt balances to a low-rate credit card or contacting existing creditors to request a lower interest rate. Another helpful tool for learners is a computerized "fold-down" plan where money used to repay a debt that ends is applied (folded-down) to a remaining debt. An example of a fold-down program is the PowerPay software program developed by Utah State University Cooperative Extension (Miner, Harris &

 

Bond, 1993). As for overspending issues, this study clearly shows a need to help learners evaluate, not only how much they spend, but why, and to develop skills to take control of their finances. It is also necessary to develop learners' technical skills, such as preparing a spending plan and the wise use of credit.

2. Encourage Emergency Planning- Almost 15% of the sample described unexpected expenses as a major challenge to financial progress. This undoubtedly led to the use of credit in instances where there was no cash reserve, resulting in additional debt. Two very basic strategies can help learners cope with the unexpected: building an emergency fund consistently (e.g., setting aside $3 a day, plus pocket change, will accumulate about $1,500 within a year) and adding a "fudge factor" (e.g., $60 per month) as an "expense" in a spending plan. This way, whatever "crisis of the month"(e.g., flat tire) that erupts is already planned for. Another issue educators need to address is simultaneously repaying debt while saving. Generally, it is unwise to keep money in low interest savings accounts while carrying balances in high interest credit cards. However, learners with limited resources may need to save part of every "spare" dollar to build a reserve fund while debts are being repaid, in order to acquire the habit of savings.

3. Address Personal Aspects of Money Management- This study shows clearly that financial goal attainment is not just a matter of money. It is also about personal qualities (of lack thereof) such as determination, discipline, knowledge and positive thinking. Similar results were found in focus groups conducted by Kennickell, et al. (1997), where the idea that saving involves self-control was mentioned frequently. Muske and Winter (1999) found that families rely heavily on routine and mental processes to manage money and a key factor in success was control. Over a third of the respondents to this study indicated that a personal characteristic or behavior was responsible for their progress. This variable was statistically significant for lower income households. Other respondents, lacking these traits, indicated that personal characteristics (e.g., lack of focus or knowledge) were an obstacle. Thus, there is a clear need for learners to increase their knowledge of and sense of control over their finances and to understand factors (e.g., how money was handled in their family) that underlie spending. Personalized exercises such as a "financial coat of arms" (a type of value clarification activity) are helpful resources for educators, as are peer role models (e.g., real people who have improved their finances) as guest speakers. Some learners will need to practice self-discipline and experience some success. Small scale "homework" assignments, like saving $1 a day plus pocket change, can provide an opportunity to develop qualities such as self-control and to see actual results (e.g., $10 saved in a week). On the research side, more study is needed of personal qualities such as self-control and mental accounting.

4. Teach Family Communication Skills About Money- More than 10% of the sample, particularly married respondents with dependent children, identified children or family members as a major financial challenge. Some sounded almost resigned to a belief that saving is simply impossible with children in a household. Others indicated difficulty with spousal cooperation or a spouse with a different financial "style" (e.g., a saver married to a spender). These responses indicate a strong need for information related to family money management communication issues (e.g., saying no to children, dividing household financial management responsibilities, allowance issues, sharing goals and needs). Human relations experts often encourage the use of "I messages" to enhance family communication. Instead of blaming the other party (e.g., "you overspent the budget again!"), which just increases feelings of anger and resentment, you tell them how their behavior makes you feel starting with the word "I" (e.g., "I feel stressed and out of control when there's not enough money to pay our bills.") Programs to improve family communication about money issues with specific skills like "I messages" can help eliminate a significant barrier. As noted previously, many obstacles to financial progress are not about money per se, but about personal qualities and emotions such as fear, greed, and control.

5. Help Learners Recognize and Build Upon Their Progress- Seeing results is a powerful motivator for action, particularly for women, according to the results of this study. A number of respondents were encouraged by their own increased savings and/or reduced debt. This suggests a need to provide learners with "benchmark tools" such as thermometers, graphs, recognition certificates, or software programs that visually indicate progress toward a goal. The MONEY 2000 program, itself, is also a resource to help participants track their progress and can be used as a model for other educational services where progress toward a goal is measured. Learners who see progress are likely to feel that their efforts and

 

sacrifice (e.g., reduced spending) are worthwhile and will be motivated to continue to take action. As one respondent noted, "It's self-feeding- the more we save, the more we want to save."

6. Teach Strategies to Increase Household Income- Managing on a limited or reduced income was a challenge for almost a fifth (17.9%) of the sample, particularly lower-income respondents. This corresponds to a previous study (Hanna & Wang, 1995) that links household income to adequacy of household emergency funds. These findings suggest a need to teach consumers ways to increase their household income or obtain goods and services for free or at a discount. Examples of strategies to increase income include: adjusting tax withholding, claiming available tax benefits (e.g., the earned income credit and write-offs for IRAs), charging adult children room and board, selling assets, working a second job or overtime, using public benefits (e.g., health fairs, animal rabies clinics, libraries), bartering goods and services (e.g., child care), earning a higher rate of return on current savings, and upgrading job skills to earn a raise.

7. Emphasize "Automated" Savings- Opportunities for payroll deduction and automated saving/investing (e.g., mutual fund automatic investment plans) are another resource for financial goal attainment. Therefore, they should be emphasized in educational seminars, particularly at work sites, where credit unions and tax-deferred retirement plans are available. It is helpful to personalize the information provided with actual numbers, instead of percentages, because percentages (e.g., 3% of pay) are often too abstract to prompt a behavioral change[b]. Automated savings is an example of environmental control, a key factor in successful behavior change according to the Transtheoretical Model (Prochaska, et al., 1992).

8. Assist With Countering- As noted previously, "countering" (a.k.a., counterconditioning) is the substitution of a healthy response for an unhealthy one and is an essential strategy for successful behavioral change. Almost any healthy activity can be an effective countering technique (Prochaska, et al., 1994, p.26). Countering is an important part of the change process because, "when you remove troubled behaviors without providing healthy substitutes, the risk of returning to old patterns remains high" (Prochaska et al, 1994, p.176). Financial educators can help learners explore "financially healthy" behavior substitutions (e.g., saving $1 a day in a clear jar instead of buying a lottery ticket). Another way to move learners toward positive change is to help them visualize the cost of a negative behavior (e.g., adding up the cost of a smoking habit or losing lottery tickets).

9. Familiarize Learners With Financial Resources- Publications and media were mentioned frequently as a resource. In addition, some respondents indicated a need to increase their financial knowledge. Financial educators can assist learners by providing them with reliable sources of financial information. These include books, newspapers and magazines, government agencies, investor organizations, and Web sites. In addition, almost 6% of the sample viewed Cooperative Extension or MONEY 2000 as an aid to progress. Efforts should be made to inform learners about all available services.

10. Focus on Goal-Setting- Respondents indicated that having a goal or plan is helpful for making financial progress. This confirms the findings of a 1997 study conducted by NationsBank and the Consumer Federation of America (Princeton Survey Research Associates, 1997). Financial decision-makers in 1,770 households were asked questions about their goals, strategies for saving and investing, and knowledge of financial topics. The study found that, aside from income, the one critical factor that distinguishes those who are successful is preparation of a comprehensive financial plan. No matter what their income, people with a plan save more money, save or invest in smarter ways, and feel better about their progress than those without a plan (Princeton Survey Research Associates, 1997). Financial educators can help learners clarify their goals and develop an action plan to achieve them. Financial goals should be SMART: Specific, Measurable, Achievable, Relevant, and Trackable. Classifying goals according to their time frame can help learners understand that they can work on more than one at a time.

11. Consider the Implications of Significant Differences- Like other studies (DeVaney, 1995; Hanna & Wang, 1995; Huston & Chang, 1997; Xiao, 1996), this study found significant differences according to demographic traits. For example, married respondents with children were more likely to use payroll deduction/automatic savings. Those younger than 35 and older than 65 were more likely to use financial publications for information. Taken together, these results imply a serious time constraint exists for midlife adults with children, who appear to have little time to read financial publications and may simply put their savings on "automatic pilot" without calculating

 

whether or not it's sufficient to meet their needs. Another interesting finding is that females were more likely to report "seeing results" as a resource. Educational methods for women should, therefore, include an opportunity to assess financial progress. This may be especially true for highly educated women similar to this sample. Perhaps, as a result of their college experience, they have become accustomed to having results (e.g., grades) and progress serve as a motivating factor.

12. Consider Different Household Financial Needs- Interesting differences also existed according to income. Married parents were more likely than single parents to report children's needs as an obstacle while single parents focused on life events. Respondents with higher incomes were also more likely to cite children's needs as a barrier while respondents with lower incomes were more likely to cite resource adequacy issues. Taken together, these results imply different standards of consumption for those with a greater level of financial resources (high income) as compared to those with less. Also, a sort of "need hierarchy" is implied. Those with lower incomes (most likely single parents) are concerned about economic survival. Those with higher incomes have met basic economic needs but struggle with expensive demands from children, perhaps coupled with "guilt issues" related to the time constraints of having one or both parents working outside the home.

13. Consider Resource-Obstacle Relationships- Respondents who perceive personal characteristics as a resource also acknowledge them as an obstacle. This is analogous to someone stating that proper nutrition is important for good health, but also acknowledging how hard it is to eat right. In other words, it's difficult to "walk the talk." Another interesting finding is that respondents who perceived information and education as helpful also noted economic limitations. Similarly, those who reported personal support as a resource perceived information processing limitations as an obstacle. Perhaps these findings are because, as people become more aware of money management topics, they also realize how much they could do if only their income, knowledge, or other personal constraints permitted it. On a more positive note, seeing results was associated with a reduced likelihood of viewing economic limitations as a challenge. That is, income shortfalls and a perceived inability to save were reported less when respondents perceived themselves as having something to show (e.g., savings account balance) for their effort. The above findings suggest a need to help learners develop personal characteristics like self-control. This could involve the use of support groups or ongoing meetings similar to those used for weight control. Also, educators should be aware of a potential downside to financial education. Showing learners what is possible (e.g., the growth of money through compound interest) can also exacerbate their feelings of inadequacy about financial resource limitations. Helping learners recognize their progress, however small, appears to reduce this problem.

## Summary and Limitations

This exploratory study examined perceived resources and obstacles toward achievement of financial goals. The two questions that were asked were deliberately open-ended and respondents were asked to reply within the context of their own individual goals. The study has limitations in generalizing the results because it utilizes a convenience sample with atypically high incomes and educational levels from just two states. All respondents were enrolled in a five-year financial wellness campaign called MONEY 2000. Thus, they are likely to be more attuned to financial issues than the public at large. There may also be selection bias if the respondents differed from other subjects in the sampling frame (i.e., all enrolled MONEY 2000 participants in New Jersey and New York).

Nevertheless, this study adds to the existing body of literature regarding factors associated with successful financial management. Clearly, personal characteristics (e.g., discipline) and behaviors (e.g., budgeting) are key factors and need to be addressed in educational interventions, along with obstacles (e.g., debt) to goal attainment. Characteristics of specific groups of learners also need to be considered by financial counselors and educators. For example, it is reasonable to assume that those who have attained levels of education beyond high school have become accustomed to reading and processing information, setting and achieving goals, and evaluating the impact of potential choices. Further, it is likely that college graduates would have more financial resources than others to implement their financial plans and older individuals have a broader span of life experiences to draw upon in making financial decisions. This paper has described a number of ways to apply findings about financial resources and obstacles to provide learners with the opportunity to improve their finances.

## Endnotes

a. *In New Jersey, 309 surveys of the 1,268 originally sent were returned, for a response rate of 24.4%. Of these, six were unusable due to missing data or clerical errors in the administration of the* *survey, leaving a sample of 303 respondents for analysis. In New York, 217 surveys were returned, of the 1,024 originally mailed, a 21.2% response rate. Therefore, the response rate was 22.7% (520/2292.)*

b. *A helpful educational tool for educators is the 401(k) Booster Calculator from Advantage Publications (800-323-6809). Users are asked to locate their age and income on the slide rule and are shown how saving just 1% more of their salary each year can translate into tens of thousands of extra dollars at retirement.*

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