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Editor

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Contents

Editor's Note vi

Recognition of 2010 Reviewers vii

2010 AFCPE Board, Conference Committee, and Other Committees viii

Papers and Summaries (in order of presentation)

Financial Education Strategies for the Changing Economy 1
Ann Berry, Dena Wise, Jane Gault, and Christopher Sneed, University of Tennessee Extension

Educating Adults to Make Legal and Advance Health Care Decisions 2
Marilyn Bischoff, Beverly Healy, Lyle Hansen, and Karen Richel, University of Idaho Extension

How to Get Published 3
Sharon A. DeVaney, Purdue University; Fran Lawrence, Louisiana State University; and Jan Garkey, Credit Union National Association

Discoveries in Neuroscience about Money 4
Deborah Price and Steven Shagrin, The Money Coaching Institute

Gender Differences in Financial Socialization and Willingness to Take Financial Risks 5
Selena Garrison and Michael Gutter, University of Florida

Household Analysis of Money Behaviors During a Period of Economic Recession 10
Jennifer L. Hunter and Claudia J. Heath, University of Kentucky

Parents' Roles in the Human Capital Accumulation of their Children 11
Samantha J. Nelson, Utah State University

Knowledge and Skills of Financial at Risk Young Adults in Malaysia 12
Mohamad Fazli Sabri, University Putra Malaysia; Maurice MacDonald, Kansas State University; Jariah Masud, University Putra Malaysia; and Christine C. Cook, Iowa State University

Financial First Aid: A Guide for Working with Individuals with Financial Problems 13
Alena C. Johnson, Utah State University

The Lasting Legacy Program: Faciliting Communication on End of Life Issues 14
Cole Ehmke, University of Wyoming

Testing of Malaysian Financial Well-Being Scale 15
Jariah Masud, Mohamad Fazli Sabri, and Laily Paim, University Putra Malaysia

Evaluation of Community Mentorship Program in Financial Management Education 16
Seohee Son, Jean W. Bauer, Patricia Olson, and Norman Barret Wiik, University of Minnesota Extension

Measuring the Benefits of Online Newsletter Distribution 17
Luke Erickson and Lyle Hansen, University of Idaho Extension

Low Income Families Seek Financial Management Education 18
Rebecca J. Travnicheck, University of Missouri Extension

The Relationship Between Household Wealth and Householders' Personal Financial and Investing Practices 19
David W. Eccles, Florida State University; Paul Ward, Michigan Technological University; and Elizabeth Goldsmith, Florida State University

Outcomes from a Kid's Savings Project in Three Public Elementary Schools 20
Michael Cheang, University of Hawaii at Manoa

Charting Your Course to Home Ownership 21
Jeannette A. Tucker, Deborah Hurlbert, and Krisanna Machtmes, Louisiana State University Agricultural Center

Who Stole the American Dream: College Students, Social Learning, and Credit Card Behavior 22
Kristin Jackson and Michael Gutter, University of Florida

Does Parental Discussion About Personal Finances Make a Difference in the Amount of Credit Card and Student Loan Debt Incurred by Undergraduate Students? 23
Nancy C. Deringer and Colleen Robbins, University of Idaho

Perceived Probability of Financial Goal Attainment by Low-Income Consumers 24
Aimee D. Prawitz, Northern Illinois University; Judith Cohart, Personal Finance Employee Education Foundation, and Julie Kalkowski, Financial Stability Partnership

Family-Based Financial Education 26
Kristin Jackson, Billy Parker, and Michael Gutter, University of Florida; Anita McKinney, University of Florida Extension, and Rick Godke, University of Florida Extension Education

Self Indulgence…Competition for the Relational Dollar 27
Ivan F. Beutler, Jeff S. Finch, and Kesha Lai, Brigham Young University

Retirement Savings and the Baby Boomers Aged 51-60 28
Samantha J. Nelson and Yoon G. Lee, Utah State University

Partnering to Train Idaho Teachers to offer a Financial Literacy Program to Students 29
Lyle Hansen, Marilyn Bischoff, Beverly Healy, Luke Erickson, and Karen Richel, University of Idaho Extension

Women's Financial Program: A Profile of Participants with Implications for Educators 30
Jean M. Lown and Samantha Nelson, Utah State University

Present with Power and Pop 31
Madeleine Greene, Stephen Hannan, and Jo Ann Link, The Money Team

Dynamite Ways to Get Adult Financial Learning Started 32
Janet LaFon and Cynthia Crawford, University of Missouri Extension

Tools to Implement the New US Strategy for Financial Literacy 33
Jane Schuchardt, Personal Finance Education and Research; and
Barbara A. Smith, Office of Retirement Policy, Social Security Administration

Resources to Help Practitioner's Work with Their Clients 34
Mary Jeannette Schultz, Patricia Seaman, and Brent A. Neiser, National Endowment for Financial Education

Teaching and Evaluating Personal Finance Outreach Using Twitter 35
Barbara O'Neill, Rutgers University

Utilizing Technology in Counseling 36
John Gann, Resource Consultants

Payday Loans: Goals for Financial Counselors, Educators, and Researchers 37
Irene E. Leech, Virginia Tech

Counseling Delinquent Student Loan Borrowers 47
Bill Kohl, National Student Loan Program (NSLP)

Making Sense of the Mandated Student Loan Counseling 48
Janet Dodson, National Student Loan Program (NSLP)

Behavioral Finance and Counseling: Blunders and "Whys" 49
Kimberlee Davis, Texas State University at San Marcos; and Ryan Halley, George Fox University

Transforming Financial Education in Higher Education 50
Kristy Vienne and Jacki Brossman-Ashorn, Sam Houston State University; and Mary K. Johnson, HigherOne, Inc.

Money Power: Wise Decisions About Your Money and Your Life for College Students 51
Joanne Bankston, Kentucky State University Cooperative Extension Program

Relational Financial Therapy: An Interdisciplinary Approach 52
Joseph Goetz, Jerry Gale, Maria Bermudez, Lance Palmer, and Lee Johnson, University of Georgia

Change in Self-Esteem Over Time: Does Financial Success Matter? 53
Tim Griesdorn, Texas Tech University

Should I Be Working 66
Patti C. Wooten Swanson, Karen P. Varcoe, Margaret Johns, Shirley S. Peterson, and Connie Costello, University of California Cooperative Extension

Retirement Income Satisfaction of American Retirees and Workers 67
Chungwen Hsu, Virgina Tech; and Sophia T. Anong, University of Georgia

Learning Styles and Multiple Intelligences 80
Becky Hagen Jokela, Lori Hendrickson, Sara Croymans, Jan Gilman, University of Minnesota Extension

Resistance is Futile: Financial Education Momentum Building 81
Todd R. Christiansen, National Financial Education Center at Debt Reductions Services, Inc.; and Karen Richel, University of Idaho Extension

Motivating Money Management 82
Syble Solomon, LifeWise / Money Habitudes

Financial Literacy for College Students 83
Kathy Prochaska-Cue, Erin McDermott, Justin Solomon, Juan Franco, and Emily Burr, University of Nebraska-Lincoln

Financial Distress and Health of Turkish Families 84
Michael S. Gutter, University of Florida, Gainsville, FL; and Zeynep Copur and Sibel Erkal, Hacettepe University, Ankara, Turkey

Building Emergency Savings 94
Diana Burk, Utah State University

Students Teaching Peers About the Stock Market 103
Jennifer Abel, Virginia Cooperative Extension

Financial Education and Volunteer Income Tax Assistance 104
Lance Palmer, Joan Coonce, Whitney Robinson, and Joseph W. Goetz, University of Georgia

Incorporating Experiential Learning into Outreach 109
Karen Richel, University of Idaho Extension

Financial Literacy Program Innovations: Conception to Execution 110
Jacki Brossman-Ashorn and Kristy Vienne, Sam Houston State University

Trust and Financial Behavior Change 111
Cynthia Crawford and Janet LaFon, University of Missouri Extension

Using Stages of Change in Military Financial Counseling 112
Brian R. Korb and Dorothy B. Durband, Texas Tech University

Teaching Personal Finance Using New Technology 113
Barbara O'Neill, Rutgers University

Motivating Women to Adopt Positive Financial Behaviors 114
Megan Rowley, Jean Lown, Kathleen Piercy, and Cathy Hartman, Utah State University

Editor's Note

Welcome to the 2010 AFCPE *Conference Proceedings*. The wide diversity of items selected by the program committees for Posters, Practitioner's Forums, and Research Papers for the 2010 annual Conference represents the hard work and commitment of our members to financial counseling planning and education across the lifespan in a variety of venues.

I would like to thank everyone who submitted and reviewed papers, practitioner forums, and posters for the 2010 annual conference of AFCPE. The *Proceedings* include the research papers, student papers, practitioner forum summaries, and posters presented at the AFCPE Conference in Denver, Colorado November 17-19, 2010.

I would like to thank Cara Defibaugh, AFCPE Member Services Coordinator, who cheerfully provided support and flexibility throughout the development of the *Proceedings*. Her quick responses and helpfulness created a working environment of professionalism and teamwork.

This is the second year that I have had the privilege and an honor to edit and format the *Proceedings* for the annual AFCPE Conference. The opportunity to read each of the submissions prior to the conference in November has again been inspiring and energizing. The commitment AFCPE members show in providing quality financial counseling, planning, and education is apparent in the quality of the 2010 AFCPE *Proceedings* submissions.

I am grateful for the opportunity to have served as the 2010 Editor of the AFCPE *Conference Proceedings*. AFCPE is foundational to outreach and research in many areas of financial counseling, planning, and education and I am proud to be part of this organization.

Please consider submitting your work for presentation and publication at the 2011 AFCPE Conference in Jacksonville, Florida on November 16-18, 2010. Please visit the AFCPE website (www.afcpe.org) for conference details and submission guidelines.

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Recognition of 2010
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Financial Education Strategies for the Changing Economy

Ann Berry[1], Ph.D., Dena Wise, Ph.D., Jane Gault, M.S., and Christopher Sneed, M.S.,
The University of Tennessee Extension

Key Words: *economic crisis, comprehensive response*

Target Audience

The target audience for this presentation includes Extension and other financial educators and counselors working with financially-stressed households. The ultimate target audience for the program is households experiencing financial pressure and stress due to unemployment or income reduction, with the train-the-trainer audience including Extension personnel, ministers and lay leaders of faith-based groups.

Objectives/Purpose

As families move from crisis to adjustment, this effort has focused on helping clientele make the transition to a new type of economy—one in which jobs are not so readily available and highly paid, credit is tight and spending is constrained. The objectives of the program are to train service providers to (1) assess the resources of individuals, households and communities and help them respond proactively to issues created by unemployment or income-reduction and (2) help individuals and families understand the new long-term economic realities they faced and identify strategies for making that transition.

Description

Since 2005, the State Extension Family Economics Leadership Team comprised of state Family Economics specialists, regional program leaders, and agent-leaders in Family Economics programming have been carefully monitoring indicators of what team members anticipated to be a looming credit and mortgage crisis. The leadership team focused on the consequences of credit overuse during a major state-wide summer training conference, updating older material, and preparing new teaching resources. New materials were developed to target 18-24 year olds and newly retired consumers, categories in which credit use was growing most rapidly. Agents were trained both to warn consumers of how taking on debt—especially early in life—could inhibit their capacity to grow assets and build wealth over their lifetimes; and to help individuals and families assess whether they were in trouble with debt and make practical plans to reduce debt. The leadership team also felt that agents across the state had a long history of teaching personal responsibility concerning debt, but needed a better understanding of the credit and mortgage industries and how profit making in those industries contributed to and depended on consumers' overuse of credit. To address this issue, they showed the film documentary, "Maxed Out," bringing the film producer and author of the book to the conference to talk about his experiences researching and making the documentary.

As leadership team members began anticipating a widespread economic recession that would cut deeply into housing and employment, they felt that they had prepared agents relatively well to understand the cause and implications of the crisis The next step was to set in motion a two-phased plan to (1) move forward with practical approaches to helping affected families cope with the realities of losing income, jobs, and homes and (2) anticipate likely changes to the overall economy as a result of the crisis and begin preparing resources for helping all clientele make the transition—long term—to a less robust and thriving economy. The team conducted a needs assessment, finding that local agencies and organizations—many faith-based—were looking to county Extension offices for leadership and resources for facing the crisis. Funds were secured to conduct needs assessment among ministers and lay leaders of faith-based organizations state wide. The results are being used to plan and conduct training and online resources for faith-based personnel working with individuals and families experiencing economic hardship.

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Educating Adults to Make Legal and Advance Health Care Decisions

Marilyn Bischoff, M.S.[1], Beverly Healy, M.Ed., Lyle Hansen, M.S., and Karen Richel, M.S.
University of Idaho Extension

Key Words*: estate planning, advance directives for health care, organizing important papers, financial security in later life*

Target Audience

Practitioners Forum: Financial education and life planning practitioners who desire to teach about planning for critical end-of-life issues
Seminar audience: Adults who desire to learn about and make legal and financial preparations for their future

Objective/Purpose

Secure Your Future seminars teach adults to address important legal and health care advance directives issues. Developing a plan to protect, distribute, and transfer one's assets requires organization, communication, and preparation. This program is designed to help adults take important steps to safeguard their families' financial and legal future. Seminar participants will:

- Gain awareness and knowledge of the kinds of personal, financial, and legal information to gather, organize and store;
- Understand why Advance Health Care Directives are an important aspect of legal and financial planning;
- Recognize legal end-of-life tools that may be appropriate for their situation;
- Understand the importance of family communication about legal issues;
- Understand how to select and work with an attorney; and
- Increase knowledge of estate planning and end-of-life issues, and develop a plan to address them.

Description

New research suggests planning for the end-of-life can make things easier for people as they die, while reducing stress, depression, and expenses for loved ones. Yet, many Americans die without a will or advance health care directives. Wills and advance directives aren't just for older adults. Unexpected end-of-life situations can happen at any age, so it's important for all adults to plan, communicate, and implement legal and health care tools. Recognizing the importance of end-of-life planning as a critical component of financial security, in 2005 a team of Cooperative Extension faculty from six land grant universities published a web-based curriculum, *Legally Secure Your Financial Future: Organize, Communicate, Prepare* (LSYFF). This free curriculum is available for any practitioner to implement in his community.

University of Idaho educators utilize the LSYFF curriculum, teaching thousands of adults to organize important documents, communicate their final wishes, and prepare for end-of-life issues through *Secure Your Future* (SYF) seminars. Soon after curriculum publication, a coauthor implemented a two-evening SYF seminar series in Idaho's largest metro area. Through creative marketing techniques, such as roadside billboards and feature articles in daily newspapers, she attracted 300 participants. Subsequently, she offered the program yearly, enrolling up to 150 participants for each SYF seminar series. Last year, the Extension specialist developed a partnership with AARP-Idaho to fund the series in other regions of the state. Educators facilitated a one-day Saturday seminar format featuring the Extension specialist, a health care professional, and an attorney as seminar speakers.

During this Practitioner's Forum the presenters will explain seminar formats, content, and funding sources, in addition to sharing course materials, marketing techniques, and results of both end-of-course and follow-up evaluation data. Attendees will gain useful ideas for implementing *Secure Your Future* seminars or similar programs in their communities.

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How to Get Published

Sharon A. DeVaney[1], Purdue University; Fran Lawrence, Louisiana State University; and
Jan Garkey, Credit Union National Association

Key Words: *editor, research journal, submission, review*

Target Audience

The target audience includes anyone who would like to know more about submitting to a journal, understanding the review process, or tips such as deciding on which journal is the best fit for their research. The panel will be especially helpful for practitioners who collect data on their clients or program attendees, graduate students completing their research, and new professors who feel overwhelmed by the demands of teaching, service, and research.

Objective/Purpose

The purpose is to enable prospective authors to develop confidence and expertise in presenting their research to the public. Frequently someone is told: "Your research is excellent. You should submit it to a journal." The author hesitates because he or she doesn't know how to proceed. This panel will help attendees learn the basics and gain insight on how to succeed in getting published.

All subjects relating to publication will be discussed. For example: deciding on which journal to target, format and required length, use of style guides, size of sample, qualitative versus quantitative research, the importance of the Institutional Review Board (IRB) permission, and the reasons for accepting or rejecting a paper.

Description

The panel will include editors of the journals that publish research relating to financial counseling and planning education. The moderator will ask questions of the editors to explain the process of submitting a paper to a journal. After the editors have discussed their journals, the moderator will invite questions from the audience.

Panel members:
Moderator: Jan Garkey, Credit Union National Association
Sharon DeVaney, Editor, *Family & Consumer Sciences Research Journal*
Fran Lawrence, Editor, *Journal of Financial Counseling and Planning Education*
Carole Makela, Editor, *Journal of Family and Consumer Science*
Kristy Archuleta, Editor, *Journal of Financial Therapy*
Deanna Sharpe for Jing Xiao, Editor, *Journal of Family and Economic Issues*
Barbara O'Neill for Laura Hoelscher, Editor, *Journal of Extension*

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Discoveries in Neuroscience about Money

Deborah Price and Steven Shagrin, The Money Coaching Institute[1]

Recent research on the human brain has revealed a great deal about how the brain influences our thoughts, actions, and emotions, and impacts our financial decisions. Discoveries in how the brain processes events, especially those which are traumatic, help to reveal how past events impact our emotions and behaviors around money. Powerful childhood memories are "stored" in the brain causing an unconscious recall when similar stressful events occur as adults, creating reactive behaviors that appear irrational and illogical, but make perfect sense to our brain given our unique experiences and history.

Research studies have shown that much of what people assume or believe about money is expressed in the way they talk to themselves about money, and much of that is learned beliefs and behaviors. When people step back and begin to challenge the truth of these beliefs, they can begin to see how there are times when such a belief is not true. Sticking tightly to the assumptions or beliefs can lead to behaviors which are contrary to one's financial well-being.

In our research we have read theories of how challenging money related behaviors came to arise, and it is clear that traumatic events which either directly involved money – or which caused a childhood experience of being valued monetarily – were the impetus for the development of the belief and behavior system. One book by a team of psychologists shares: "And the more profound the original event or series of events, the more strongly our emotions lock in the subsequent money scripts in place, and the less flexible we are in adapting to changing financial circumstances later in life."

As we tie the recent findings in neuroscience research and the developing work in money-disordered behaviors to the Money Types we work with at the Money Coaching Institute, we are better able to advance a more deep and clear understanding of what course of action might be best accepted and implemented by the client.

Neuroscience has shown that every individual's specific brain chemistry is unique, responding differently to the myriad chemical compounds that flood the brain. These include dopamine, a hormone and neurotransmitter that causes happiness occurring in a wide variety of animals, including both vertebrates and invertebrates; cortisol, a steroid hormone produced by the adrenal gland released in response to stress; and serotonin, a monoamine neurotransmitter that plays a part in the regulation of mood, sleep, learning and constriction of blood vessels.

People with higher levels of dopamine tend to engage in more risky and thrill seeking behavior, and can have a generally impulsive nature. This can be seen in the Money Type of the Fool. People with higher levels of cortisol tend to live in a state of chronic stress, a result of the body's stress response being activated so often that it doesn't always have a chance to return to normal. This can be seen in the Money Types of the Victim, Martyr, and Tyrant. People with abnormal levels of serotonin can suffer from depression when low, or elevated mood when high. This can impact the degree to which many of the Money Types get activated under stressful situations.

An imbalance in the brain chemistry can impact learning. According to an article at www.ehow.com, "dopamine is extremely necessary for the ability to learn and the motivation to want to learn. Dopamine levels are at their highest when cortisol is being produced, which is during the day. Cortisol levels are at their lowest at night, when the need for dopamine is lower." In practice, this shows up in clients not following through on what they said they would do or acting contrary to what they have just learned to be a more appropriate and healthy financial behavior. It may be due to a lower dopamine level, repressing their motivation to want to learn and impeding their ability to learn. When clients say "they just can't help themselves", they often are right – their "reflexive brain" takes over when the "reflective brain" should be engaged.

How we can use this information as practitioners is in recognizing that there's more that just knowledge and direction that moves a client from challenging financial behaviors to ones which are more in alignment with their life values and goals. We need to be talking with clients about how the delicate balance of the chemicals that control our physical being also have an impact on our thoughts, beliefs, behaviors, and practices. And we need to rid ourselves of the feelings of inadequacy, embarrassment, and shame that comes from understanding that we are not perfect beings, but rather are limited by how our physical embodiment is impacted by our chemical composition.

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Gender Differences in Financial Socialization and Willingness to Take Financial Risks

Selena Garrison[1] and Michael Gutter, University of Florida

Key Words: *Financial socialization, gender, risk tolerance*

Abstract

Social learning and gender role theories were used as a basis for exploring gender differences in financial socialization as they relate to financial risk-taking. Significant gender differences among college students were found for willingness to take financial risks, exposure to financial social learning opportunities, and the relationship of social learning opportunities on willingness to take financial risks. The complete paper will be in the *Journal of Financial Counseling and Planning*, Volume 21, Issue 2, 2010.

Introduction

Gender differences in financial risk-taking have been documented by several researchers (Hallahan, Faff, & McKenzie, 2004; Watson & McNaughton, 2007). It has been shown that women tend to take less financial risks than men when investing, and they also tend to invest less money (Watson & McNaughton, 2007). In their 2004 study, Hallahan, Faff, and McKenzie found that gender was a significant predictor of risk tolerance, with females scoring 6.20 points lower on their Risk Tolerance Scale, compared to males who were demographically equivalent. For women, the longevity risk associated with a longer life expectancy (Aria, 2007) and income inequities (Watson & McNaughton, 2007) is compounded if they have lower willingness to accept investment risk. Thus, it is important to understand why women possess a lower willingness to take financial risks and whether financial socialization could be a contributing factor. It is also important to examine what role gender may play in one's financial socialization, particularly the relationship between the level of socialization opportunities and the willingness to take financial risks across gender. By examining these differences in a college student population, in contrast to the adult population where these differences have already been documented, we can see whether these differences are occurring from the time when people are likely first exposed to managing their own finances.

Literature Review

Willingness to Take Financial Risks

One important factor related to financial planning and investing is willingness to take financial risks. This study is interested in exploring potential differences in financial socialization between men and women and the effects that these differences may have on willingness to take financial risks. Research has shown that there does tend to be a gender difference in willingness to take financial risks in older populations, but little has been done to look at gender differences in willingness to take financial risks tolerance among college students. In addition to gender, several other factors have been found to influence willingness to take financial risks. Hawley and Fujii (1993) found that education, debt, and income were significantly related to willingness to take financial risks. These results were consistent with several other studies including Warner and Cramer (1995) and Sung and Hanna (1996). Sung and Hanna (1996) also found that marital status had a significant impact on willingness to take financial risks.

Theoretical Perspectives

Consumer socialization research, based on Social Learning Theory (Bandura, 1977), suggests that a large portion of consumer behavior (i.e., spending behavior among adults) is learned through socialization agents such as parents, family members, peers, and other influential individuals during adolescence, and thus can be transferred through generations (Churchill & Moschis, 1979; Valence, d'Astous, & Fourtier, 1988). Childhood consumer socialization is based on the premise that behaviors, skills, knowledge, and attitudes learned early in life can, and often do, persist into adulthood (Moschis, 1985). Ward (1974) suggested that consumer behavior among young people, as well as the development of adult patterns of behavior, can be understood by studying related childhood and adolescent experiences.

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In looking at the socialization process, and financial socialization in particular, one might wonder why gender matters. Research suggests that socially constructed gender roles have an impact on behavioral differences in males and females. Gender is often thought of as not necessarily whether an individual is biologically male or female, but as the way they have been socialized to act as feminine or masculine (Hare-Mustin & Marachek, 1990). Thus, while every individual presumably undergoes socialization and acquires attitudes and behaviors through social learning, social learning may not be equal depending on one's gender. Even more importantly, individuals may be socialized differently regarding money and financial behaviors depending on their gender.

Research Questions and Hypotheses

Through the lens of Social Learning Theory and research on gender roles, we see that various behavior differences in males and females may be partially affected by differences in socialization. There is evidence that gender differences exist in various areas of financial knowledge, financial attitudes, and financial behaviors. Thus, the following questions present themselves: a) Does willingness to take financial risk differ by gender in college students? b) Does exposure to financial social learning opportunities differ by gender in college students? c) Does the relationship of social learning opportunities on willingness to take financial risks differ by gender? This study seeks to expand socialization research to the area of financial socialization with the following hypotheses:

> H1: Male college students will have a greater willingness to take financial risks than female college students.
> H2: Exposure to financial social learning opportunities will differ by gender in college students.
> H3: The relationship of social learning opportunities on willingness to take risks will differ by gender.

Methods

Data for this study was collected as part of a larger study on the impact of financial education policies on financial behaviors during the spring and fall terms of 2008. A web-based survey was completed by 15,797 students from 15 universities across the United States. For an in-depth discussion of the sampling method, see Gutter, Copur, and Garrison (2009).

Hypothesis 1 was tested using cross tab analysis with the χ^2 statistic, followed by independent sample *t*-tests to determine significant gender differences between each "willingness to take financial risks" variable. Hypothesis 2 was tested using independent sample *t*-tests to determine significant gender differences between each social learning opportunity dimension. Hypothesis 3 was tested using cumulative logistic regression to determine whether the independent variables of gender, financial socialization, and the relationship of these two had varying effects on willingness to take financial risks.

Bivariate Analysis

*Willingness to take financial risks***.** For willingness to take financial risks, each level of financial risk (substantial risk, above average risk, average risk, and no risk) was tested by gender via cross tab analysis with χ^2. The results of the χ^2 test indicated that there were overall significant differences in willingness to take financial risks by gender ($\chi^2 = 609.14$, $p < .01$). These results indicated that proportionately more males than females were willing to take substantial and above average financial risks, however, independent sample *t*-tests were conducted to determine whether these differences are significant at each level.

Three variables were tested by gender using the independent sample *t*-tests. These were "high risk (substantial and above average risk) vs. low risk (below average and no risk);" "substantial risk vs. lower risk (above average, average, and no risk);" and "any risk (substantial, above average, and average risk) vs. no risk." Results of the *t*-tests indicated that there were significant gender differences for all three variables. Males were significantly more likely than females to be willing to take high financial risk versus low financial risk ($t = -22.00$, $p < .01$). Males were also significantly more likely than females to take substantial risk versus lower levels of risk ($t = -.904$, $p < .01$). As was expected, females were significantly more likely than males to take no financial risk versus any financial risk at all ($t = -15.75$, $p < .01$).

*Demographic information***.** The sample was composed of 64.9% females and 35.1% males. Of these, 35.5% of males and 41.0% of females had financial education in high school ($\chi^2 = 51.44$, $p < .01$), and 12.3% of males and 7.8% of females had financial education in their communities ($\chi^2 = 87.71$, $p < .01$). Although the vast majority of both males and females were white, there were also significant racial differences by gender ($\chi^2 = 43.65$, $p < .01$). Significant differences in marital status also existed, with 88.1% of males and 85.5% of females single and 11.9% of males and 14.5% of females married or cohabitating ($\chi^2 = 22.87$, $p < .01$). Finally, significant differences in income between genders also existed ($\chi^2 = 121.39$, $p < .01$). All of these variables were controlled for in the cumulative logistic regression.

*Social learning opportunities***.** For social learning opportunities, each of the four social learning opportunities scores were compared by gender via independent sample *t*-test. The results of the *t*-test indicated overall significant gender differences for each form of financial socialization. These *t*-tests indicated that female college students tended to have had more financial social learning opportunities than male college students at all levels (discussions with parents, discussions with peers, observing parents, and observing peers). Additional *t*-tests were run by social learning topic within each social learning dimension. This was done to determine whether there were also significant gender differences in exposure to individual topics within each dimension.

For financial discussions with parents, there were significant gender differences in frequency of exposure to all topics, except checking the credit report and buying/maintaining health insurance. For financial discussions with peers, there were significant gender differences in frequency of exposure to all topics, except checking the credit report. For observing parents' financial behaviors, there were significant gender differences in frequency of exposure to all topics, except working with a mainstream financial institution and buying/maintaining renters' insurance. For observing peers' financial behaviors, there were significant gender differences in frequency of exposure to all topics, except checking the credit report, working with a mainstream financial institution, and buying/maintaining renters' insurance.

Cumulative Logistic Regression Analysis

For this analysis, parallel cumulative logits were run utilizing gender as the selection variable. The cumulative logistic regression technique allows for rotation of the reference variables, which, in this case, were the various comparisons of levels of willingness to take financial risks (any vs. none, high vs. low, and substantial vs. lower). The purpose of this analysis was to determine the effect of gender and financial social learning opportunities on varying levels of willingness to take financial risks while controlling for marital status, race, income, and prior financial education.

The first parallel cumulative logit analyzed gender differences in willingness to take any financial risks and willingness to take no financial risks. Many significant differences were found among the demographic variables. Controlling for all of the demographic differences, for the main independent variable of financial social learning opportunities, varying results were found for males and females. Financial discussions with parents were only mildly significant for males ($p < .10$) and not significant at all for females. For every one point increase in the financial socialization opportunity score for financial discussions with parents, males were expected to have a 1.7% increase in likelihood of being willing to take any financial risk over no financial risk. Financial discussions with peers were positively associated with choosing any level of willingness to take financial risks over no willingness to take financial risks for both males and females. For every one point increase in the financial socialization opportunity score for financial discussions with peers, males were expected to have a 2.8% increase and females were expected to have a 1.6% increase in likelihood to choose any risk over no risk. Observing parents' and peers' behaviors were not significant predictors of willingness to take any financial risks over no financial risks.

The second parallel cumulative logit analyzed gender differences in willingness to take high financial risks and willingness to take low financial risks. Controlling for all of the demographic differences, for the main independent variable of financial social learning opportunities, varying results were found for males and females. Financial discussions with parents were not significant predictors for males, but they were significant for females ($p < .05$). For every one point increase in the financial socialization opportunity score for financial discussions with parents, females were expected to have a 1.0% increase in the likelihood of being willing to take high financial risk over low financial risk. Financial discussions with peers were positively associated with willingness to take high financial risks over low financial risks for both males and females. For every one point increase in the financial socialization opportunity score for financial discussions with peers, males were expected to have a 3.1% increase, and females were expected to have a 1.1% increase in the likelihood of being willing to take high financial risk over low financial risk. Observing parents' and peers' behaviors were not significant predictors of willingness to take high financial risks over low financial risks.

The third parallel cumulative logit analyzed gender differences in willingness to take substantial financial risks and willingness to take lower financial risks. Controlling for all of the demographic differences, for the main independent variable of financial social learning opportunities, varying results were found for males and females. For females, none of the social learning opportunities were significant predictors of choosing substantial financial risks or lower levels of financial risk. For males, only discussions with peers were significant. For every one point increase in the financial socialization opportunity score for financial discussions with peers, males were expected to have a 2.9% increase in the likelihood of being willing to take substantial financial risk over lower financial risk.

In order to fully test this research hypothesis, the coefficients of each social learning variable need to be tested against one another for males and females. In order to do this, the Wald Chi-square statistic was computed for each set of coefficients. A significant difference between the relationships of social learning opportunities on willingness to take financial risks only significantly differs by gender when looking at the high risk vs. low risk category. Within this category, the relationship is only significant for the variable of having financial discussions with peers. For this variable, males who had financial discussions with their peers were significantly more likely than females who had financial discussions with their peers to choose high risk over low risk.

Conclusions

Hypothesis 1. Based on the χ^2 and *t*-test results, it can be concluded that there are significant gender differences in willingness to take financial risks among college students, with males being more likely to be willing to take higher levels of financial risks than females.

Hypothesis 2. The results of the independent samples *t*-test between social learning dimensions confirm that there is an overall gender difference, with females having exposure to significantly more financial social learning opportunities overall. Significant gender differences were observed for many topics within each social learning dimension, indicating that there are not only significant gender differences in overall exposure to financial social learning opportunities among college students, but also in topics discussed and observed with both parents and peers.

Hypothesis 3. The results of three parallel cumulative logistic regressions weakly support this hypothesis. While it was discovered that discussions with parents and peers had varying influence on the willingness to take financial risk between males and females, the actual difference in the relationship of social learning and gender on willingness to take risks was only significant for discussions with peers in the high risk versus low risk category. Observations of parents' and peers' behaviors were not at all associated with gender differences in willingness to take financial risks when controlling for other variables.

Implications

For parents, it is important to realize that talking to their children about financial topics is critical. It is also important not limit conversations with daughters to low risk investment options. If parents know the impact that lower levels of willingness to take financial risks may have on their daughters' financial futures, they may take the opportunity to have different kinds of conversations with them about saving and investing.

For practitioners, this research indicates that financial socialization begins at home. While education is influential, it is important to consider intergenerational efforts at financial education. Developing programs that encourage parent participation in their children learning about money may be an effective way to reach not only children, but the whole family.

For researchers, this study provides several implications for future research. Future research should look at not only exposure to financial socialization and topics covered, but the content of the topics covered. This research shows that female students tend to talk more to their parents and peers about saving and investing than male students, but it is unclear the kinds of messages these conversations entail. Knowing these messages may prove useful in understanding more clearly why females tend to be more risk averse than men. It may also be interesting to look at the source of parental financial socialization. The present study does not differentiate between which parent has been providing the majority of the college student's financial socialization, but this factor may influence the types of information each gender child is receiving. In addition, this research only looked at the effects of gender and financial socialization on willingness to take financial risks. Future research can look at the effects on other attitudes, such as materialism and financial self-efficacy, and on actual behaviors, such as budgeting and saving.

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Household Analysis of Money Behaviors During a Period of Economic Recession

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Key Words: *economic recession, financial management behaviors, saving decisions, spending decisions*

The United States has been experiencing the most severe economic recession since the Great Depression, beginning in 2008 and continuing into 2010. Scholars have identified four primary factors leading to the economic recession, including fluctuating oil prices, limited credit availability, the breakdown of the subprime mortgage loan market, and declining stock values. One of the goals of this research is to determine the extent to which households were affected by or experienced a problem due to one or more of the primary factors. From the literature an understanding of problems experienced was developed; therefore, the assertion was made that the existence of these problems, would translate into specific behaviors or encourage behavior change. This leads to the research question: Focusing on saving, spending, investment, and borrowing, what financial management behavior changes do households anticipate during a period of economic recession? The assumptions of social exchange theory allowed for the development of hypotheses specifically focused on changes in household financial management behaviors during a period of economic recession.

A study was conducted to measure the effect of the current economic recession on Kentucky households. A probability sample was collected in late 2008, using random-digit dialing. The University of Kentucky Family Science Survey Research Center was used to conduct the survey. The survey instrument consisted of 116 questions. Survey questions included a mix of closed-ended and open-ended responses. The sample consists of 328 respondents, including 109 males and 219 females.

The primary purpose of this research was to evaluate the change, if any, in anticipated financial management behaviors during a period of extended economic recession. An economic recession can be viewed as an unexpected shock to a consumer's normal consumption function; and therefore, could elicit changes in saving, spending, investing, and borrowing behaviors. Four separate dependent variables were analyzed, using multinomial logistic regression, to addresses changes in financial management behaviors based on demographics, human motivation, and economic perceptions. All the dependent variables focused on the households' likelihood to change their current saving, spending, investing, and borrowing behaviors. Based on the analyses, households which experienced no problems due to factors associated with the economic recession maintained their current financial management behaviors. This finding supports one of the primary assumptions of social exchange theory, that it is assumed that if an actor receives the expected rewards or benefits of an action, behavior, or relationship, then that interaction will continue. Therefore, households which did not experience costs, i.e., problems associated with the economic recession did not alter their current financial management behaviors.

The study of anticipated financial management behaviors provides an indication of changes in the household balance sheet that may occur as a result of the economic recession. Changes in the household balance sheet, which is a measure of household liabilities and financial asset holdings; and, therefore, household net worth, have been suggested as a means of determining the severity of previous economic recessions. The household's actual decision to save, spend, invest, and borrow would create change in the household balance sheet. Information regarding anticipated financial management behaviors provides insight to the direction in which the change may occur prior to the actual action. Information regarding potential changes in households' balance sheets would be valuable to policy makers in recognizing potential signs of economic recovery or by identifying protective measures in the form of a federal response which could reverse a perceived negative change in households' financial management behavior.

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Parents' Roles in the Human Capital Accumulation of their Children

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Key Words: *human capital, parents, children*

In the past few decades, a growing trend of over-consumption has damaged the well being of millions of Americans—conspicuous, debt-driven lifestyles became more common, often with only an appearance of prosperity. However, as the recent economic recession deepened, many Americans reevaluated their consumption levels, debt loads, and savings habits (Utah Foundation, 2009). Commitment to change behavior often stems from such crises. The climb out of the economic downturn that the country is facing could be considered an opportunity for American parents of all incomes to evaluate how their financial behaviors and explicit lessons (or lack thereof) are affecting the next generation of citizens—their children. This poster explores the crucial role that parents play in shaping their children's financial attitudes and behaviors. It focuses on parental investment in children's human capital in the context of explicitly teaching them how to manage money, as well as indirectly through their actions and examples.

As heads of families, parents need to enhance their roles as educators of their children. Just as a mother and father provide their children with the physical needs of food and the emotional needs of love and encouragement, parents need to provide their children with the knowledge and skills that will enhance their well-being throughout their lives. By example, as well as explicit lessons, parents can take an active role in their children's accumulation of human capital.

When parents impart financial wisdom to their children, it is considered a form of human capital investment. Human capital is generally described as resources that are invested in a person today that are likely to increase his or her productivity and earnings in the future. A particularly important factor in increasing future productivity and earnings is a firm foundation of monetary values and behaviors, learned in childhood from responsible parents. Informal education and training in the home are valuable investments in human capital. In this context, parents have the obligation and responsibility to invest in their children's future success and productivity. Financial literacy and positive behaviors begin in the home.

A good deal of attention has been directed to the issue of financial literacy in the public policy arena. Many policies have been proposed to improve the financial well-being of parents and children, including major banking companies, government agencies, grass-roots consumer and community interest groups, and other organizations (Braunstein & Welch, 2002). Policy proposals range from homebuyer counseling programs and savings initiatives to mandated workplace programs. Financial literacy deficiencies can affect families in almost every aspect of their lives, from buying a home to seeking higher education; poor money management leaves families vulnerable to financial crises (Braunstein & Welch, 2002).

There is little doubt that financial education at a young age will help children increase their well being and productivity as adults. The challenge is how to best aid parents in investing in their children's human capital. There are several effective programs available through websites, cooperative extension services, community initiatives, and more. There are a plethora of ready-made programs and tools that financial educators and parents can use to teach children about positive financial behaviors.

From a family economic perspective, the human capital accumulation of children is essential in creating a productive society that functions in a globally-connected economy. Financial education, a form of human capital, should be facilitated by parents through their positive examples and explicit lessons within the home.

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Knowledge and Skills of Financial at Risk Young Adults in Malaysia

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Key Words: *financial knowledge, financial skills, financial at risk, young adults*

Increasingly, researchers are beginning to examine students' knowledge about finances to determine how they learn financial management skills to identify strategies to increase students' financial well-being (Shim, Xiao, Barber, & Lyons, 2009). Only a few research projects have studied financial literacy and behavior among students outside the U.S., e.g. Sabri, Masud, MacDonald, Hira, and Paim (2008). Our project focuses on the characteristics of savings behavior and financial problem correlates among public and private colleges in Malaysia with a survey sample and financial knowledge test for over 2500 students. A forthcoming article demonstrates that private college students, those who live off campus, and are Chinese need more financial education (Sabri, MacDonald, Hira & Masud, 2010). The proposed AFCPE poster will summarize results for further investigation that considers influences of financial socialization, financial literacy, and reported self skills on financial behavior. "Self-skills" were obtained from student ratings of their ability to manage finances (five items) as well as other personal management skills (e.g. time management, and four other items).

Two dependent variables were used in separate regression models for savings behavior and financial problems. Three savings behavior items (such as "saving to achieve a goal") were coded to create a scale from zero to three as the dependent variable for saving. Ten financial problem questions were asked on a 5-point Likert scale from never (1) to everyday (5) and focused on problems such as "spend more than can afford", and "borrow money to buy food". Childhood consumer experience was measured by asking respondents when (at what age) they became involved in financial activities such as their own savings account, personal spending decisions, and discussing financial matters with parents. Financial socialization was measured by asking respondents how much socialization agents influenced their financial behaviors, for parents, peers, siblings, school, religion, and electronic or printed media. Financial literacy was measured by testing for correct answers on 25 questions concerning for example financial goals, financial records, savings, investments, time value of money, and education loan knowledge.

Regression analysis demonstrated that female students, those with better financial knowledge test scores, earlier childhood consumer experience, and who had reported better financial management skills were also more likely to report savings behavior. The multivariate results also isolated students who had more financial problems; they were students from private colleges, rural areas, economically advantaged families, and those who reported greater influence from socialization agents and earlier childhood consumer experiences. In addition, those students with less financial knowledge had more financial problems while financial management self-skill reduced them. The poster discussion of the results will emphasize that Malaysian students who are from better off families (e.g. attend private colleges) and had earlier consumer experiences before college may have developed bad habits or poor attitudes toward financial management that could be mitigated by financial education during college. Additionally, the results will be studied and extended to suggest their implications for specifics about financial education curriculum development and application.

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Financial First Aid: A Guide for Working with Individuals with Financial Problems

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Key Words: *money management, financial resources, financial tools*

Target Audience

Financial First Aid is a tool financial professionals can use to train non-financial professionals on how to help individuals and families with their finances. A power point is available through the author for use in training.

Purpose

Financial First Aid can be used by financial professionals as a quick reference and could be used as part of a train-the-trainer program. The booklet is a guide for non-financial professionals to help individuals with basic money problems. This is not to replace the financial professional. A referral to a financial professional may still be necessary.

Description

Many people need financial help in this troubled economy. Financial professionals can stretch their limited time and resources by working with professionals in other fields and with leaders of faith-based organizations to provide financial help to individuals and families. Just as medical first aid may be administered by a person who is not a medical professional but is trained in first aid, non-financial professionals can give basic financial help. Also like medical first aid, the injured party may need to be referred to a professional. In the meantime, non-professionals can provide basic immediate care. A new booklet, *Financial First Aid*, is designed for non-financial professionals who find themselves working with anyone having financial problems. Such individuals may include, but are not limited to, marriage and family therapists, social workers, mediators, extension agents, and clergy. Therefore, the *Financial First Aid* booklet is a helpful tool for financial professionals to use to train others to help individuals with their finances.

Financial First Aid covers three topics often referred to as the “3-P’s of first aid.”

1. Preserving life
2. Preventing further injury
3. Promoting recovery

The first unit, preserving life, includes a chapter that discusses immediate concerns to address such as food, housing, and transportation. It is important that any emergencies are handled promptly.

The next unit, preventing further injury, has four chapters that help individuals prevent further financial injuries. These chapters are about basic financial counseling, budgeting, living within means, and debt. Ideas are given in these chapters on how to teach various budgeting methods, how to encourage individuals to spend less than they make by increasing income or decreasing expenses (including the Step-Down Principle), and how to help individuals reduce debt.

The last unit, promoting recovery, has a chapter about savings. Individuals can learn how to recover from financial injuries they have encountered by regularly saving.

Financial First Aid has an appendix that includes worksheets and handouts. These can be copied and given to individuals as a “Money Management Packet.” Among the worksheets are a goal sheet, a new budgeting worksheet called the “At-a-Glace Budget Sheet,” and a revolving savings account worksheet. The appendix also includes handouts such as a list of ways to increase income, a list to reduce expenses, the Step-Down Principle, and others.

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The Lasting Legacy Program: Facilitating Communication on End of Life Issues

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Key Words: *estate planning, end of life issues*

Abstract
Families often do not have the detailed conversations needed to effectively handle the situations created with a death, such as planning a funeral and understanding the values and experiences of the older generation. Essentially, they lack a "complete" legacy even though they may have the legal documents associated with a typical estate plan. The course objective is to help participants gain an understanding, knowledge, and skills which will help them build strong family relationships, better manage human and legal risks, and complete a Legacy Plan. Course materials and activities show the importance and value of open family communications and how to build strong family relationships, which in turn will allow for families to better manage the stress of a death and the risks associated with intergenerational transfers. This poster profiles the project materials and delivery methods.

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Testing of Malaysian Financial Well-Being Scale

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Key Words: *financial well-being, financial distress, employees*

Personal financial matters are gaining focus in Malaysia as the country strives to be a developed nation by 2020. Increasing cost of living without comparable increase in income can be detrimental to individuals. Families have to stretch their hard earned dollars to meet daily as well as future needs. Inability to meet needs may lead to lower financial well-being or financial distress. The objective of this paper is to highlight the result of the Malaysian Financial Well-Being Scale administered among public and private sector employees. Data for this study was gathered from selected public and private sector employees in Klang Valley in Malaysia under the funding of Malaysian Research University Grant (RUGS) in 2008.

The public and private agencies were selected randomly using separate lists of public departments and private organizations. A total of 2,480 self administered questionnaires were distributed through a contact person in the human resource department in 12 public and 12 private sector organizations. The Malaysian Financial well-being scale contains 12 items and was developed by researchers together with Professor Garman in 2006[2]. The Cronbach Alpha for the scale was 0.926. The financial well-being score was calculated and then divided by 12 to obtain the overall financial well-being score. Those scored below five were classified as financially distressed and those scored above five were grouped as a non-financial distressed group.

A total of 2,246 out of 2,480 respondents completed the questionnaire (91% return rate) and the respondents of the study were comprised of 92% Malays, 50% public sector employees, 49% males, 57% married, and 37% single. The mean age of the respondents was 33 years old and 59% had tertiary education. The mean monthly income of the respondents was RM2,387 (USD727; 1USD=RM3.28). The average family size of the respondents was four persons. Majority of the respondents scored from 4 to 7 (poor to good financial well-being). Less than 10% respondents had very good financial well-being, while about 6% respondents had very high financial distress. There were significant differences in the mean score for different background except when male and female scores were compared. The public sector employees reported a significantly higher financial well-being score compared to the private sector employees. Respondents who were married scored the highest compared to the other groups. In addition, the data also illustrated that those with tertiary education tended to have higher well-being scores compared to those with much lower educational attainment. This finding is expected since education is still one of the key factors determining one's ability to earn in the formal sector in Malaysia. The result of the study seems to be consistent with previous research using similar instrument. Since the data were collected among those in formal sector, the findings revealed that respondents in this study can be categorised as average and moderate financial distress or financial well-being. Further analysis is needed to explore factors explaining financial well-being among Malaysian.

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Evaluation of Community Mentorship Program in Financial Management Education

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Key Words: *financial management education, low-income, mentorship program*

Interaction with the financial system is an inescapable necessity of modern life. University of Minnesota's Extension works with a diverse range of community agencies that works with a vulnerable population. Financial literacy is a common and often critical need of agencies' clientele. By teaching agencies how to meet this need, Extension helps those agencies to position themselves to receive greater levels of funding and support.

Community Mentorship Program

Since 2005 the University of Minnesota's Extension Center for Family Development has provided a community mentorship program as a way to build cooperative relationships between extension educators and community organizations. The purposes of this program are to (a) increase the institutional stability of community organizations, (b) strengthen the financial education capacity of community organizations, (c) provide financial education to their clientele who usually come from vulnerable populations, and (d) train extension educators to understand and work with diverse audiences.

Community organizations serve a diverse range of populations, including low-income households, recent immigrants, members of ethnic minorities, and various other vulnerable groups. By partnering with these organizations, U of MN Extension can provide financial education to these diverse populations. Through the community mentorship program, U of MN Extension trains these community organizations to effectively provide on-going personal and family financial education programs. The community mentorship program consists of three components: (a) professional development for community educators, (b) mentoring for community educators, and (c) follow-up meetings for community educators and extension educators.

Methods

The purpose of this research was to evaluate the community mentorship program based on the agencies' evaluations on the program. To do so, we evaluated the community mentorship program based on the 11 agencies' evaluations of the program. We asked agencies to write some comments about the community mentorship program in their final reports including useful elements of the program and suggestions to improve the program. Of the 16 agencies that were funded by one foundation in 2006 and 2007, final reports that were prepared by 11 agencies were used for the analysis.

Findings

The community mentorship program has achieved some of the intended aims including providing financial education to vulnerable and diverse populations and strengthening the financial education capacity of community organizations. In terms of reaching vulnerable and diverse populations, the 11 reporting agencies delivered a total of 111 hours of financial education to 143 clients in 2006 and 2007. These agencies served very diverse audiences including low-income families/welfare recipients, young adults, youth, single-mothers, women in chemical dependency treatment and domestic violence prevention services, long-term homeless families, immigrants, and ethnic minorities. The community mentorship program also helped agencies strengthen their financial education capacity since most of the agencies and their mentees reported that they benefited from the community mentorship program led by Extension Educators. The professional development workshop especially helped the agencies' staff develop their self-efficacy by educating them regarding curriculum development and teaching methods as well as financial literacy education. Challenges and implications of the program were also discussed.

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Measuring the Benefits of Online Newsletter Distribution

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Key Words: *online evaluations, electronic newsletters, viral marketing, supplemental education*

Combining humor with real-world knowledge, two University of Idaho Extension Educators have made pioneering efforts in their region by disseminating the timely topic of personal finance education via electronic newsletters. Issues and episodes have steadily grown in popularity and currently reach across state *and* national borders. Additional benefits of electronic newsletters include cost-saving benefits, and the viral nature of online content, and the informal process of networking and collaboration that can occur as a result.

To measure the reach and impact of the newsletter we used an online evaluation tool called Survey Monkey© < surveymonkey.com>. This is a valid survey tool which is commonly used for evaluation of educational programs (O'Neill, 2004; West, 2007). Main research questions were based on the Likert-scale, though questions which collected qualitative data were also included.

Of the 186 respondents, approximately 70% reported sharing the newsletter or content from the newsletter with others. Of that 70%, each reader reported sharing the newsletter directly with a median of five, and an average of 36 additional readers.

A question which asked, "How many people do you share the newsletter with," produced the following selected responses:

- "Husband and 3 daughters"
- "20 office volunteers"
- "Our staff of 35"
- "I have utilized information from the newsletter in radio and newspaper articles . . . reaches about 5,000 rural [residents]."
- "Sometimes I use it for a radio program that reaches about 45,000 people."

Due to the viral nature of the electronic newsletter, materials continue to circulate long after they are produced and attract a growing number of subscribers each month. Focusing on online distribution, the newsletter has become especially vital in an increasingly electronic world, and is particularly useful in targeting young adults, and homebound audiences.

The newsletter has also been instrumental in garnering positive support from stakeholders including county commissioners, area legislators, and other key decision makers. It has become a crucial supplement to our live programming efforts, and an effective way to keep area decision makers informed and supportive of our efforts.

This sort of viral, or informal collaboration, has helped us reach thousands of individuals beyond our direct reach, and has helped give our programs a reputation for reliable, accurate, and consumer friendly information related to personal finances. This method of supplemental education requires very little input in terms of time and dollars. It is calculated that approximately 250-300 readers/listeners exist for each hour of input by the educators.

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Low Income Families Seek Financial Management Education

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Key Words: *limited resource audience, life skills development, personal finance, low-income families*

Life Skills classes provide low-income individuals and families with knowledge and skills to help improve their well-being and quality of life. Topics cover a large range of subjects from winterizing a home to car maintenance to preventing identity theft. Each session begins with a 10-15 pretest “quiz” for each participant. Subject matter content is provided through lecture, handouts, discussion, sharing, and hands-on activities. Each session ends with a reapplication of the initial “quiz” to determine knowledge acquired as a result of subject matter content. Additional evaluation instruments were used on a session-by-session basis per topic.

The purpose of including personal finance topics in the Life Skills Program is to assist low-income learners gain knowledge and skills to make more informed financial decisions. Specific personal finance topics offered include developing a spending plan, saving money, financial record keeping, fraud and scams, predatory lending, and identity theft. Resources and activities used with learners are from a variety of curricula and eXtension.

- “Planning Your Spending” stresses the importance of tracking income and expenses for an effective spending plan. A spending tracker is distributed to learners for use during the following month. Handouts and activities, including the ‘Bean Game,’ are used to simulate the development of the spending plan.
- “Getting More, Spending Less” is a PowerPoint presentation and handout that combines approximately 150 tips and suggestions to help learners spend less money. Tips are divided into categories—food, clothing, housing, travel/vacations, utilities, etc.
- “Why Can’t I Find It?” relates to the importance of good financial recordkeeping skills. Handouts and activities help learners get organized.
- “Consumer Beware” encourages learners to recognize fraudulent activities and scams. Group discussion revolves examples of scams and includes reviewing fraudulent mail.
- “When Creditors are Predators” identifies predatory financial practices learners should be aware of when working with creditors. Handouts, activities, and tip-sheets assist learners.
- “Preventing Identity Theft” identifies how identity theft occurs, how personal information is used, how to prevent identity theft, and what to do if a victim.

Life Skills classes target low-income individuals and families who are seeking assistance from the local Community Action Partnership office. Personal finance-related topics have been included in class offerings for many years. However, this year is different. Three years ago participation in these classes was extremely low—two to five learners. Last year, attendance increased to 10-12 individuals for each session. This year, attendance has grown exponentially; especially for personal finance classes. What is the catalyst behind this participation explosion? According to learners in the most recent session, their current financial situation is of more concern to them and they are actively seeking education and information to continue to make ends meet. Session participation now ranges from 25 to 60 individuals. Pre- to posttest “quiz” applications depict a definite increase in knowledge as a result of each session. Discussion at subsequent sessions reflects retention of knowledge and self-declared application of skills to their financial life. Individuals and families are seeking financial education!

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The Relationship Between Household Wealth and Householders' Personal Financial and Investing Practices

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Key Words: *financial behavior, financial literacy, net worth, household income*

The objective of this study was to identify differences in financial and investment practices of householders nearing retirement. Specifically, we compared householders who differed markedly in current household wealth but had similar opportunities to build household wealth during their lifetime.

Households (n = 291; one husband and one wife in each household; M age = 55.36 years) with similar householder demographics (e.g., incidence of divorce, number of children) were identified. The relative-return of each household was calculated as the proportion of current household net worth to household lifetime income. On the basis of differences within the sample on household relative-return, a group of low relative-return households (n = 40) and a group of high relative-return households (n = 40) were formed. Groups did not differ significantly on household lifetime income but households in the high group had, on average, nearly four times the net worth of those in the low group. Within each group, the husband and wife within each household completed a questionnaire about the frequency of their engagement in personal financial learning and management activities throughout their lifetime and, specifically, during the last 12 months. They also kept a diary for 3 weeks in which they logged on a daily basis their engagement in personal financial learning and management activities. The two groups were then contrasted in terms of the frequency of the householders' activities: during their lifetime, in the previous 12 months, and during the 3-week diary period.

In terms of learning activities undertaken in their lifetime, wives in the high, compared to low, relative-return group received more frequent instruction about personal finance from romantic partner(s) and more often sought financial information from employers. With regard to management activities undertaken during their lifetime, husbands and wives in the high group more often paid monthly credit card balances in full, and wives in the high group more often paid household bills on time. Also, husbands and wives in the high group more frequently undertook various savings activities such as making extra mortgage principal payments. Additionally, husbands in the high group calculated their household's net worth and forecasted the amount of money required to retire more frequently.

Regarding learning activities undertaken in the previous 12 months, more wives in the high group received some financial education from an employer. In the case of management activities undertaken during this period, fewer wives in the high group missed a household bill deadline. Also, husbands and wives in the high group more frequently paid monthly credit card balances in full. Furthermore, husbands in the high group had forecasted the amount of money required to retire more frequently. There were no group differences in terms of learning experiences received during the 3-week diary period but there were differences between groups with regard to management activities undertaken during this period: Wives in the low group monitored their checking account more frequently, and husbands in the high group met with a financial professional more frequently.

The implications of these findings for financial literacy programs and the American householder is that household wealth accumulation is likely to benefit from the following practices: better communication between householders about the household's finances; active garnering of financial information from employers and financial professionals; and attempts to forecast the wealth required for retirement and frequent monitoring of the household's current financial status in relation to that goal. It is also likely to benefit from attempts to keep on the "right side" of interest; that is, to save and thus earn interest on those savings and to avoid debt and thus avoid paying interest and late fees on those debts.

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Outcomes from a Kid's Savings Project in Three Public Elementary Schools

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Key Words: *children's savings, elementary schools, financial education*

Abstract

A one-time $25 seed money, a piggy bank and a passbook were given to the first of 100 kids to sign up at each of three public elementary schools (with high percentages of students on lunch subsidy) to open savings accounts with a local credit union. Arrangements were made to have the credit union staff collect deposits from the kids in the school cafeteria once a month.

Parents and kids get monthly reminders of deposit days. Parents at one of the three schools receive a one-page reminder that the children bring home each month that includes financial literacy content presented in three categories: 1) Factual information such as "Do you know that if you save $1 a day, in one year you will have $365, and in 10 years, this will add to $3,650?;" 2) Research findings such as "The most important resource children and young adults have for learning financial information are their parents;" and 3) Strategies for saving such as every time you bring lunch prepared from home, put $3 - $5 in your piggy bank! Parents at the second school received a monthly reminder and were offered two financial education workshops. Parents at the third school received monthly reminders but were not offered workshops or financial education content.

Despite the challenging economic times and schools' reluctance to include classroom instruction on financial literacy, the project has had relative success on many levels. In eight months, 264 children (1st – 5th graders) were able to save a total of $31,087 (an average of $117 per child). Gains were not only realized in monetary terms. Formative evaluation data indicate that parents 1) parents very much appreciate the opportunity to help their children open a savings account at school and to help them start saving money, 2) appreciate the convenience of dropping their children off at school in the morning and depositing savings at the same time, and 3) are themselves learning to be more mindful about money management because of their children's involvement in the savings effort. Parents also report gains in their children's awareness of money matters and positive changes in money attitudes and behaviors. Small but significant differences were found in the amount saved between children whose parents received reminders that included financial education content (quick tips) and those children whose parents did not received the financial education content.

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Charting Your Course to Home Ownership

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Key Words: *home buyer education, home ownership, hurricane recovery, down payment assistance, partnership*

Objectives/Purpose

The goal of this project is to expand homeownership capacity among displaced residents of hurricane-impacted areas. Component objectives are to: 1) develop a strategy for empowering hurricane-displaced persons to become successful homeowners; 2) produce, pilot, evaluate and disseminate a home buyer education curriculum and delivery system to address post storm recovery issues and conditions; and 3) increase the statewide availability of home buyer education, particularly in rural areas. The project was supported by USDA CSREES Smith-Lever Special Needs funding.

Description

A comprehensive 12 hour technology-based curriculum package was developed, pilot tested and evaluated to determine program impact. Program deliverables included multi-media presentations, teaching plans, participant fact sheets, resource activities, games, exhibits, marketing materials and instructors handbook.
Charting Your Course to Homeownership curriculum contents include:

- Navigating Your Way to a New Home – Coaches potential home buyers to select their best options
- Staying on Course with Financial Management – Guides the participant through organizing their finances
- Sailing Through the Mortgage Process – Provides information on understanding and comparing mortgage terms and products
- Keeping a Safe Harbor: Maintaining and Protecting Your Home –Explains Explains homeowner responsibilities and home maintenance practices

A homeownership recovery coalition representing statewide stakeholders from federal and state agencies, mortgage lenders, realtors, nonprofits, community housing and development organizations and other interested organizations was formed. This dynamic group plays a critical role in increasing the availability, quality and appropriateness of home buyer education in a post-storm Louisiana.

Findings

Twenty eight percent of the participants that completed the course became homeowners within six months. Most program graduates qualify for and obtain $5,000 to $10,000+ in down payment assistance or obtain homes through Habitat for Humanity. The majority of participants were female (69%) and the largest group were between the ages of 31 to 40 years (35%) with the second largest group being 41 to 50 years (28.6%). A majority (74%) of the individuals that attended the workshop were African American with Caucasian representing only 23 percent. The largest group of participants had either a high school education/GED (55.8%) with the second largest group having some college education (18.6%). Interestingly, only 46 percent of the participants were purchasing a home due to the two natural disasters recently experienced by Louisiana (Hurricanes Katrina and Rita).

The program was evaluated by the participants immediately after completion of the workshop using a pre/ post evaluation survey and by a follow-up survey distributed within one year of program completion. Analysis of the data indicated that all four sections of the curriculum showed statistically significant gain (matched pair t test ($p < .001$) in understanding and behavioral change. A behavioral change was indicated in the follow-up survey data with over 90% of all respondents checking their credit report and changing their spending and saving habits.

Implications

The program outreach has been expanded to reach hundreds of individuals and families motivated by recent stimulus payments to become first-time homebuyers. It holds great potential for Gulf Coast residents who may be facing relocation following job loss due to the recent oil spill.

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Who Stole the American Dream: College Students, Social Learning, and Credit Card Behavior

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Key Words: *college students, social learning, perceived norms, risky credit card behavior*

Introduction

"Despite college student's limited credit history and current earnings they are the target of aggressive marketing campaigns by credit card companies," (Hayhoe, Leach, Turner, Bruin, & Lawrence, 2000, p. 117). Many college students are not knowledgeable about personal financial topics such as sound credit card practices. While many states have personal financial education standards, currently only 13 states require students to take a personal finance course or for personal finance to be included in high school economics courses (Council for Economic Education, 2010). This means that 69% percent of American students in grades k-12 may not be formally trained in personal financial education.

Purpose

This study will look at whether receiving needs-based financial aid moderates the relationship among financial social learning opportunities, perceived norms, and risky credit card behavior. It has been demonstrated that there is a connection between demographics, financial social learning opportunities, and financial behaviors of college students (Gutter, Garrison, & Capur, 2010). This study will expand on prior research by examining the relationship between students' receipt of federally funded needs based aid (i.e. Pell grants), an indicator of a family's financial strength, and the social learning process which may influence engagement in risky credit card behavior. The Pell grant is a unique measure of a family's financial strength as it takes in account family income, assets, and the number of other immediate family members in school.

Methodology

This study will use a national data set collected by Gutter, Garrison, and Copur (2010). Data was collected from16,876 participants. Hypothesis 1, individuals from families with lower family financial strength will observe financial socialization opportunities less frequently than individuals that have greater family financial strength; will be tested using a t-test. Hypothesis 2, individuals from families with lower family financial strength will have fewer financial social learning conversations than individuals that have greater family financial strength; will be tested using a t-test. Hypothesis 3, perceived norms of individuals from families with lower family financial strength will differ from individuals that have greater family financial strength; will be tested using a t-test. Hypothesis 4, family financial strength will serve as a moderator between the social learning process and risky credit card behavior; will be tested using logistic regression.

Conclusions

Pell grant recipients are more likely than non-Pell recipients to have fewer financial social learning observations and social learning conversations with their parents. Pell recipients are more likely than non-Pell recipients to perceive their parents as engaged in risky credit card behaviors. Family financial strength as indicated by Pell status is related to risky credit card behavior. Non-Pell recipients are less likely to engage in risky credit card behavior than Pell students.

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Does Parental Discussion About Personal Finances Make a Difference in the Amount of Credit Card and Student Loan Debt Incurred by Undergraduate Students?

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Key Words: *student loan debt, college students' credit card debt, personal finance education, parent education*

The most current recession that began in December 2007 has shown that many Americans are living beyond their means and do not have a firm grasp of basic financial concepts. Studies have shown that four in ten Americans are misusing and misunderstanding credit, and high school seniors on average answered less than fifty percent of financial competency questions correctly (JumpStart Coalition, 2008; Mandell, 2008). It appears that adults as well as many youth did not receive the adequate financial training necessary to make sound choices on how to spend, save and invest.

Multiple organizations have responded to this lack of training and developed financial curriculums to be used with high school-aged students. Forty states have responded by implementing some type of personal finance training into their high school curriculums. However, only seven states require students to take a personal finance course as a high school graduation requirement (National Council on Economic Education, 2007). In addition to the response by organizations and public education, perhaps studies should examine the financial training and modeling (or lack of) occurring in the home between parent (or guardian) and the child.

Many researchers agree that financial education needs to begin at an early age and that educating children on personal finance management at a young age will have positive, lasting effects on the rest of their lives (Lai, 2010; Lunt & Livingstone, 1999; Staten, 1993; Sumarwan and Hira, 1993). A study done by Pinto, Parente, and Palmer (2001) showed that lack of parental involvement in a child's finances can have serious implications on the amount of debt they will ultimately obtain. These researchers examined the relationship between parental involvement in credit card acquisition and the amount of credit card debt that college students accrue. They concluded that college students whose parents were involved in the acquisition of their credit cards have lower overall credit card debt than students who had no parental involvement at all. A similar study conducted by Goldberg (2005) examined variables that affect debt accumulation and concluded that while 70 percent of parents in his study had taught their teens how to do laundry, only 34 percent of them had taught their children how to balance a checkbook and how credit card fees and interest work.

For purposes of this poster presentation, a team of researchers from a university in the Pacific Northwest conducted an online survey in November 2009 of 2000 randomly selected undergraduate students (n=778). Specifically, the researchers examined if parental discussion about personal finances made a difference in the amount of credit card and student loan debt incurred by the young adult.

Preliminary analysis indicated that 45% of the respondents reported having credit card debt and 72% reported having student loan debt. Full-time, non-international, undergraduate students who discussed finances with their parents showed significant differences and had less credit card debt than those who did not (p=.0028) and less student loan debt than those who did not (p=.0245). Additional descriptive and statistical analyses will examine grade level, age, gender, part-time or full-time student, if they had a personal finance course in high school, as well as current financial habits in saving, budgeting, and overall perception of their current financial situation.

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Perceived Probability of Financial Goal Attainment by Low-Income Consumers

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Key Words: *economic pressure, financial distress, locus of control*

Research has shown that 30% of American adults are in financial distress (Prawitz et al., 2006). Financial goal achievement is challenging for such consumers, yet some low-income consumers believe they can achieve their financial goals despite economic hardships. This study explored factors related to perceived probability of financial goal attainment by low income consumers, examining whether both objective (income; economic pressure) and subjective (financial distress; locus of control) measures predict perceived probability of financial goal attainment.

Methodology

A sample of 189 adults with gross annual household incomes ≤ $25,000 were randomly selected by an online survey service from a large online consumer panel. Participants completed online survey questionnaires designed by the authors to collect demographic data and other data representing variables of interest to the study. The dependent variable, perceived probability of financial goal attainment, was measured using a single item that asked subjects to rate (from 0-100%) the probability of attaining their most important 6-month financial goal (Snyder et al., 1991). Income and economic pressure, independent variables considered objective financial measures, were computed as follows. Income (gross annual income from all sources) was measured as a continuous variable with choices ranging from $0-$2,500 to $22,501-$25,000. A financial cutbacks indicator (Conger et al., 2002) measured economic pressure; scores were summed responses (yes = 1, no = 0) to 30 possible adjustments in response to financial need over the past 18 months. (Examples of financial cutbacks included such items as, "Used savings to meet daily living expenses" and "Reduced driving a car to save money.")

Financial distress and locus of control, independent variables considered subjective financial measures, were assessed as follows. The Personal Financial Wellness (PFW) scale, a subjective measure of one's financial condition, (Prawitz et al., 2006) measured financial distress. PFW scores can range from 1-10; lower scores indicate more financial distress. Locus of control, or the degree to which a person attributes successes and difficulties to their own efforts or to external factors such as chance, was measured using an adaptation of Danes' (1991) scale. The scale was adapted specifically to measure *locus of control over financial matters*. Scores could range from 7-35, with higher scores indicating more internal locus of control.

Characteristics of the Sample

There were 93 females (49%) and 96 males (51%), and ages ranged from 19-77 years, with a mean age of 46.4 years. Most respondents were unmarried (75%), and white (90%). Mean years of education was 13.6, and both mean and median income were $15,001-$17,500. The mean score for the economic pressure measure was 10 on a possible scale of 1-30. For locus of control over financial matters, the mean and median scores were 21 on a possible scale of 7-35, indicating that participants had a more internal locus of control over financial matters. The mean PFW score was 4.0 on a possible scale of 1-10, indicating high levels of financial distress. On average, subjects rated the probability of attaining their most important 6-month financial goal as 60%.

Results

Regression analysis tested the hypothesis that income, economic pressure, financial distress, and locus of control over financial matters would predict perceived probability of financial goal achievement. There was partial support for the hypothesis, $F(4, 180) = 16.12$, $p < .001$. Lower financial distress ($t = 3.74$, $p < .001$) and greater internal locus of control over financial matters ($t = 3.47$, $p = .001$) predicted higher perceived probability of goal attainment.

Discussion

For this low-income sample, it was expected that income and economic pressure would contribute to lower perceived probability of financial goal attainment. These objective criteria, however, were not related to consumers'

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predictions about their goal achievement. Consumers' perceptions of both their financial situation and their ability to control it were more important in their prediction of financial goal attainment. The mean score for financial distress for this group was at the low end of the continuum, indicating that overall, the participants were experiencing high levels of financial distress. Within this group of highly financially distressed consumers, however, those with relatively lower levels of financial distress, and those who felt they were more in control of their financial lives thought it was probable that they could achieve their most important financial goals.

Implications

Consumers may not be able to change objective criteria (e.g., income) easily; subjective criteria, though, like perceptions of one's financial condition and one's control over it, may be altered through financial education. Financial education has been shown to decrease financial distress, as people learn to take control of their financial lives (Kim, 2004). Empowering consumers to practice more effective personal financial management also can help them see that they are able to exercise control over their financial lives in ways that lead to tangible, positive results. For example, through financial education, a low-income family may learn that they are unnecessarily tying up disposable income through incorrect income tax withholding amounts, since each year they receive a large amount in the form of a tax return. By instructing their employers to withhold less from their paychecks each pay period, they would have access to more disposable income throughout the year. This may be the one strategy this family needs to free up enough resources to make ends meet on a month-to-month basis and to work toward achieving financial goals. Implementing this and other changes, over time, can lead to feelings of greater financial wellness and increased power over the personal financial situation. The results of this study show that it is neither the amount of money one makes nor the number of cutbacks one has had to make that predicts financial goal achievement. What is more important is how people view their own personal financial situation, and whether they perceive that what they do makes a difference in the financial outcomes they experience. Financial counselors and educators who empower low-income consumers through financial education likely will observe changes in levels of both financial wellness and hope for the future.

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Family-Based Financial Education

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Key Words: *family-based financial education*

Background

Financial education has been seen as an important tool in improving financial behaviors. However, individuals will also learn about important behaviors through the Social Learning Process (Bandura, 1969). Specifically, consumer socialization is defined as "the process by which young people acquire skills, knowledge, and attitudes relevant to their functioning in the marketplace" (Ward, 1980, p. 380). Previous studies have explored the importance of financial socialization; which emphasizes financial behaviors and markets specifically. Gutter and Garrison (2008) explored the relationship of financial social learning opportunities on perceived norms behaviors. The results of this study supports the belief the financial socialization of young adults may play a significant role in the development of their financial behaviors and habits. Following on this line, Gutter, Garrison and Copur (2010) showed that when controlling for demographic and financial characteristics, financial behaviors are positively related to social learning opportunities Garrison and Gutter (2010)suggested that programs that are intended to encourage parental participation in the process of their children's education and exposure to money and matters relating to finances could be an effective method in improving financial capabilities of not only the children, but the parent(s) as well.

Purpose

The purpose of this project was to implement a family-based financial education program using the Kid's Wealth workbooks and Money Kits. The program involved three workshops that included all family members, sometimes on different tracks, other times as a family unit. Then families were given the Money Kits to work with their children at home over several months on allocating money to their own expenses. After completing the three workshops and using the money kit at home, we wanted to measure the extent to which the families are continuing to use the knowledge and principles that were taught over the course of the three workshops.

Results

The results of this study were that six families participated in the Kids' Wealth Program, but not every family completed the entire program and reported pre, post, and post post data. The three families that did return all three surveys were headed by African-American women. On a scale of very poor to excellent the three women ranked their level of knowledge as either fair or good. None of the case study participants ranked their knowledge as excellent. All three families also reported being interested in more classes.

Conclusion

The sample size for this study was smaller than anticipated, so the results are not able to be generalized to other groups. The participants in this study saw achievements within their household from participating in the program. A larger sample could allow inferences about the significance of family based financial education and the things that hinder or make it successful.

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Self Indulgence…Competition for the Relational Dollar

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Key Words: *self indulgence, adolescent losses, resource disruption*

In 1981 some friends told me that they were headed to Alaska to earn money in the fishing industry and invited me to come. This sounded like a great adventure and a wonderful way for a teenager to make money. The only way in or out of Cordova is by boat or plane. My first experience of Cordova happened with my eyes closed while I started to wake up after a long ferry ride through Prince William Sound; it was the strong smell of fish, which in Cordova was the smell of money. I made more money in a few months than I had made my whole life. I kept going back to Alaska off and on until 1986. Then in 2001 I moved back with my family to seek after a dream of being a commercial fisherman.

Fishing families live off the proceeds from their catch from year to year. They can have a good year or a bad year and are extremely hard working people fishing for four months out of the year, usually from the middle of May to the middle of September. When I returned to Cordova in 2001 things were different from when I left in eighty-nine because of the Prince William Sound oil spill involving Exxon and the citizens of Cordova in 19 years of litigation. No lives were lost but the mess remains; when you move a big rock the spill is just under the surface, the herring and crab fishery has never reopened and in the community suicides and substance abuse rates have risen sharply.

Kasser and Kanner (2004) cite evidence that environments that do not support growth and self expression are associated with extrinsic status seeking aspirations rather than intrinsic aspirations for interpersonal growth and relational development. The purpose of this paper is to obtain an aspiration assessment in a community that has experienced economic hardship and disappointment. This study examines the Living Well aspirations of 82 Cordova youth, ages 11-18 many of whom were born during and after the Exxon oil spill and compares them to a Utah sample (377 youth, ages 11-18) from a stable economic environment. Data was gathered through surveys that asked the participants to describe themselves, their house, their car, and their activities at their futuristic "Living Well" age. Responses were coded and evaluated using Grounded Theory Methodology (LaRossa, 2005), N-Vivo 8, and the Variable, Concept, and Indictor Model developed by Beutler, Beutler and McCoy, (2008) to assess the extent their aspirations were observed to be intrinsic, focused on the contribution they could make and the person they are becoming, or extrinsic, focused on things they could own or the attention they could purchase.

Evaluation revealed that a stronger pattern of extrinsic self indulgent aspirations for easy living and lack of age appropriate responsibility existed among the Cordova youth compared to the Utah sample. Fully two thirds (67%) of the Alaskan males and almost half (47%) of the females were extrinsically oriented, compared to 48% of Utah males and 43% of Utah females. In the Alaska sample 22 % of the extrinsic aspirations were classified as self-indulgent compared to 4% in the Utah sample. These aspirations focused on living for themselves, omitting relationships or concern for others, hoping for material possessions and vacations to please themselves, wishing to live without major cares, or just working enough to get by. This is not conclusive evidence but is consistent with what has been hypothesized in the literature. Financial counselors and educators would benefit from a heightened awareness of risks to youth associated with extrinsic aspirations, materialism, and compulsive buying when expectations are shattered and family resources are disrupted (Kasser& Kanner, 2004; Roberts, Manolis & Tanner, 2006).

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Retirement Savings and the Baby Boomers Aged 51-60

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Key Words: *retirement savings, Baby Boomers*

This study primarily sought to understand to what extent the Baby Boomers are financially prepared for retirement. It examined the percentage of Boomers who have retirement savings accounts, and how much is held within those accounts. The types of assets held by Baby Boomers were compared with those of Pre-Boomers, to provide a point of reference in examining the Baby Boomers specifically and to note the general trends of the generational shift in retirement preparations from the older, Pre-Boomer generation to the Boomers themselves. In addition, the factors associated with retirement savings accounts and the levels of net worth of the Baby Boomers were investigated.

Using the 2006 Health and Retirement Study (HRS) data file, this study explored the differences in the level of savings and asset portfolios between Baby-Boomers and Pre-Boomers, examined the effect of cohort on savings and IRAs (excluding 401(k)s and other retirement accounts), and investigated socio-economic factors associated with the levels of net worth and IRA ownership among Baby Boomer households. The descriptive statistics showed that Baby Boomers had lower levels of investment assets as well as net worth than Pre-Boomers. Baby Boomers also reported lower levels of assets in CDs, stocks, business, and housing wealth than Pre-Boomers.

The results of multivariate regression analyses show that all else being equal, Baby Boomers held significantly lower levels of net worth and were less likely to own IRAs than Pre-Boomers. The findings of this study also suggest that among Baby Boomers (ages 51-60 in 2006), Boomers with higher income, highly educated Boomers, those with longer job tenure, and Whites were more likely to own IRAs, while Boomers with poor health, Boomers with more household members, and divorced Boomers were less likely to own IRAs. About 38.8 percent of Baby Boomers and 41.9 percent of Pre-Boomers reported dollar values in IRAs. The cohort variable was indeed significantly associated with IRA ownership. The levels of net worth were also statistically different between the two groups and the level was much higher for Pre-Boomers ($262,267) than for Boomers ($230,240).

The movement of this cohort into retirement will have profound effects on the entire country over the next few decades, and will most likely affect the systems that it currently has in place. The findings of this study suggest that there remain several vulnerable sub-groups that appear to have saved inadequately for their retirement, specifically those in poor health and/or divorced. This will affect all Americans as social programs, taxes, and public safety nets are strained by the large cohort entering a more vulnerable phase of life. Thus, nation-wide policy, such as more extensive financial literacy and early intervention programs may need to be enacted in order to address the issue of financially unprepared subgroups. For example, this study found that those with lower job tenure, lower education levels, poor health, non-married, and non-White had lower levels of net worth and were less likely to own IRAs. This will become an increasingly serious problem as these cohorts enter retirement.

It is important for financial planners to educate the vulnerable subgroups of the Baby Boomers about how to wisely invest and efficiently allocate their resources for retirement—the earlier the better. Helping these groups of people, who make up the basic units of the economic structure, will strengthen the broader systems of the entire U.S. economy. A more dependent, self-sustaining group of prepared Americans entering retirement equates to more stable welfare systems, less reliance on Social Security and Medicaid, and a healthier economy in general. Because the Baby Boomer group moving into retirement is so expansive, potential problems with a general lack of preparation will be magnified and more strongly felt by all generations. The findings of this study imply that while stressing the role of retirement planning and financial literacy education, significant changes in saving behavior need to be made by the Baby Boomers, as well as the rest of Americans.

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Partnering to Train Idaho Teachers to offer a Financial Literacy Program to Students

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Key Words*: youth financial literacy, high school financial planning program, train the trainer youth financial literacy*

Rationale for teaching retirement planning
In Idaho and nationally, 2009 and into 2010 proved to be a tough economic time. With high unemployment rates (Idaho over 9%), high foreclosure rates, record use of credit (as of March 2009, U.S. revolving consumer credit was about 950 billion) and low savings rates, people are financially struggling. However, there was some good news. In 2008, Former President George W. Bush signed an Executive Order creating, for the first time, a President's Advisory Council on Financial Literacy to focus on improving financial literacy among all ages of children. Government, school, and business leaders in Idaho continue to emphasize the need to teach basic financial management skills in schools to help better prepare students for the future. Research shows that as little as 10 hours of personal financial education positively affects spending and saving habits of students.

Program description
University of Idaho Extension Educators and the Idaho Credit Union League partner to offer financial education training for Idaho teachers and other youth leaders. Participants learn how to effectively teach financial management skills using the National Endowment for Financial Education (NEFE) High School Financial Planning Program (HSFPP). Since 2005, partnering with the Idaho Credit Union League University of Idaho Extension Educators developed, promoted, and conducted fourteen, one day NEFE HSFPP Teacher Training workshops throughout the state. These workshops were offered to over 280 teachers and participants from Idaho, Oregon, Utah, and Washington. Because of over $40,000 received in grant funding and generous sponsorship from local credit unions, the NEFE HSFPP Teacher Trainings were offered free of charge to the participants.

During the 2008-2009 school year, teachers and participants who attended the HSFPP Teacher Training workshops reported that they planned to offer the HSFPP to more than 3,200 students or participants in schools, correctional facilities, church groups, Indian Reservations, and other settings throughout Idaho. There were also 7,590 free HSFPP Student Guides ordered in 2009. In the past four years, Idaho Teachers and other youth leaders ordered 29,260 free HSFPP Student Guides. Idaho is currently the 5th most saturated state in the nation when it comes to using the NEFE HSFPP.

Results
Results from the 2009 NEFE HSFPP Teacher Training workshops evaluations indicate that:

- 79% strongly agreed and 21% agreed, "I will recommend this workshop to another teacher."
- 79% strongly agreed and 21% agreed, "I will use the information from this workshop in my teaching and/or personal life."
- 61% strongly agreed and 39% agreed, "After attending this workshop, my capacity to teach personal finance has been strengthened."

Participants' Responses
- "I am a novice personal finance teacher. Therefore, this workshop was very valuable to me".
- "Thank you so much for providing this information in an efficient, interesting, and user-friendly manner."
- "Provided good materials to use as a resource in my class and possibly use materials to teach a financial class."
- "This program will mesh very well with my personal finance class I teach. Tons of new information and applications."
- "There was a wealth of information that is ready to take right to the classroom."

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Women's Financial Program: A Profile of Participants with Implications for Educators

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Key Words: *women, financial planning, financial education*

Financial Planning for Women (FPW) is a monthly seminar designed to educate and empower women to take responsibility for their financial security. FPW provides a monthly education program, an email newsletter, and website. A survey of participants was conducted in fall 2009 using Survey Monkey to determine how to effectively motivate participants to act. A secondary purpose was to solicit suggestions for improving the effectiveness of the program. The evaluation used the National Endowment for Financial Education's *Financial Education Evaluation Toolkit* (http://www2.nefe.org/eval/intro.html).

This survey was conducted to:

1) determine what methods and strategies effectively motivate women to act
2) solicit ideas for improving the effectiveness of the educational program
3) determine the TTM stage of change of participants.

The conceptual framework that guided this study is Prochaska's Transtheoretical Model (TTM) of the Stages of Change (Prochaska & DiClemente, 2003). The TTM proposes that individuals progress through five stages of change in order to change their behavior: Precontemplation, Contemplation, Preparation, Action, and Maintenance.

The Financial Planning Personality Profiler uses two questions to categorize clients into five personality types: Planners, Savers, Impulsives, Strugglers, and Deniers. The FPPT is a proxy for Prochaska's Stages of Change in the Transtheoretical Model (TTM). The five FPPT types are comparable to the five stages of change in the TTM: Planners = maintenance, Savers = action, Impulsives = preparation, Strugglers = contemplation, Deniers = pre-contemplation (Lown, 2007).

The response rate was 31.8% (81 responses of 254 email addresses). Most participants first attended because of the invitation by a friend. Three-quarters of the women wanted to learn more about investing for retirement. The second most desired topic was debt reduction. Three-quarters of participants reported the need to increase income, pay off debts, or start (or increase) retirement savings. Respondents were mostly Planner and Saver types (Action and Maintenance stages in the TTM). A challenge for educators and counselors is how to attract individuals in the preparation, contemplation, and pre-contemplation stages. Recommendations on ways to attract Deniers, Impulsives, and Strugglers to seek financial education and advice are offered in the poster.

Three-quarters (N=56; 75.7%) of the women would like to learn more about investing for retirement in the coming year. This goal overlapped with the response of 55 women (74.3%) who want to learn investing basics. Avoiding investment fraud (N=22; 29.7%) was a popular request, as well. Insurance (N = 21; 28.4%) and investing for college (N=16; 21.6%) were listed by about a quarter of respondents.

The largest response category for the most important financial planning action (N=21; 26.9%) was "increase income." Pay off debts (N=19; 24.4%) and start (or increase) retirement savings (N=20; 25.6%) were equally popular financial planning goals. Nine women (11.5%) said they needed to control spending. Three wanted to learn to budget and three wanted to downsize housing or vehicles. Three women chose "win the lottery."

All educators and counselors would like clients and students to be ready and committed to change their behavior. Based on the FPPT and Stages of Change, it is not surprising that the women who chose to participate in the financial education program and complete the survey are mostly in the preparation and action stages. This poster addresses how to attract these women.

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Present with Power and Pop

Madeleine Greene AFC[1], Stephen Hannan, J.D., and Jo Ann Linck, AFC

Key Words: *financial education, best practices, experiential, high impact, and evaluations that work*

Target Audience

Personal finance professionals desiring to make their presentations more effective using readily available resources including electronic media, paper, pencil, computer generated presentations, and the audience. This practitioner's forum will be of interest to financial counselors, financial planning and counseling educators, and military personnel who develop finance related presentations, including the use of PowerPoint frameworks.

Objectives/Purpose

The purpose of this presentation is to:

1) demonstrate guidelines for producing meaningful and easy to understand materials including, PowerPoint slides, case studies, handouts and experiential materials
2) demonstrate how to power up your presentation, engage the audience, keep trainees focused, and measure impact.

Description

This presentation will provide you with tools to improve your presentations by demonstrating:

1) Best practice design techniques
2) Do's and don'ts for presentations and instructional tools
3) Trainers tips for effectiveness including:
    - Agenda design
    - Audience influence
    - Trainee participation
    - Handout design
    - Delivery excitement
    - Timing for impact
    - Importance of practice
    - Presenter's Toolbox
    - Evaluation collection and relevance
    - Repeat participant involvement

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Dynamite Ways to Get Adult Financial Learning Started

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Key Words: *personal finance, attention getters, ice breakers, financial education, adult education*

Target audience
This session was designed for AFCPE members who lead financial education workshops and seminars.

Objectives/Purpose
As an educator prepares for any financial education workshop, it's easy to focus on the main points of the presentation and overlook the importance of getting participants involved right from the start. However, the first few minutes of a workshop set the pace for the entire workshop's success. Plan yours to get the learners' attention and raise high expectations for the impact and success of the presentation.

Description
Quit asking and, instead, start earning your financial workshop participants' attention from the first moment of your presentation. You must have learners' attention before effective learning can begin.

This session focused on the first two minutes of any financial education presentation. Attention getters that can be used effectively in a variety of financial workshop and seminar settings were modeled. Participants were also reminded how deadly low expectation, low value workshop starters can be.

The participants were polled for their best and worst experiences when participating in adult educational settings. Strategies for engaging adult learners were also shared.

Specifics of the attention getters used at the AFCPE conference are located at http://extension.missouri.edu/saline

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Tools to Implement the New US Strategy for Financial Literacy

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Key Words: *Financial Literacy and Education Commission, national strategy, financial literacy, financial education*

Target audience

The forum had applicability for all AFCPE members, whether they be practitioners running their own financial counseling and planning businesses, financial educators and researchers, or representatives from government and non-profit organizations.

Objectives/Purpose

The purpose of the session was to introduce AFCPE members to the new national strategy for financial literacy and education and guide them through a planning process to implement the strategy at local levels. AFCPE members gained insights from two seasoned federal employees with extensive experience in financial education and research and who led the development of the new national strategy. Forum participants received ideas and a planning tool to build an implementation plan specific to their organization and the needs of their learners and clients. The forum showcased how national leadership strategically linked to on-the-ground application can result in positive financial action by individuals and families in the United States. With all organizations working toward common goals, the multi-disciplinary profession of personal finance can change behaviors and better position all Americans for financial success today and for their lifetimes.

Description

Financial success for all is the vision of the new national strategy for financial literacy and education. It was developed by the U.S. Financial Literacy and Education Commission (FLEC) established under authority of Title V of the Fair and Accurate Credit Transactions (FACT) Act of 2003 (Pub. L. 108-159). This law directs the Commission, represented by 20 Federal agencies and the White House, to annually review the national strategy. Following an intensive, research-based, inclusive process involving expansive stakeholder input, the new national strategy outlines a vision, mission, and goals all organizations can embrace in order to make a collective, positive impact on the financial well-being of Americans.

The U.S. Treasury, in its capacity as chair of the Commission, now is encouraging all organizations concerned with personal finance education, research, and practice to implement the strategy. Presenters who chaired the National Strategy Working Group from the U.S. Department of Agriculture and the Social Security Administration in Washington, DC briefly outlined the process used to develop the strategy and highlight the various components of the strategy. The primary portion of the forum was a work session where AFCPE members, whether they represent public, private, or non-profit organizations, saw implementation models and began building their own plans. Organizations that have planned and implemented one or more of the goals set forth in the strategy may be highlighted in summary reports about FLEC accomplishments required by Congress

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Resources to Help Practitioner's Work with Their Clients

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Brent A. Neiser, CFP, Senior Director, Strategic Programs and Alliances
National Endowment for Financial Education

Key Words: *personal financial education, National Endowment for Financial Education, financial workshop kits, training, financial education resources*

Target Audience

The National Endowment for Financial Education's resources are designed to be used by financial educators, community volunteers, and social services case workers interested in facilitating financial education workshops and counseling sessions in their communities. These financial workshop facilitators can use the materials from www.FinancialWorkshopKits.org, the Train the Trainer program, and www.SmartAboutMoney.org to develop a truly effective financial training program designed specifically for the types and needs of the participants. Any individual or group interested in helping their community become better financial decision makers can use these materials to create a unique and effective financial education program.

Objective/Purpose

NEFE is committed to continual development of tools and resources for practitioners, and would like to take this opportunity to introduce AFCPE members to the entire suite of NEFE resources for their use and use of their clients.

Description

NEFE continually creates numerous valuable resources for financial educators to use during counseling sessions, one-to-one meetings or financial workshops. These Web resources include:

- www.smartaboutmoney.org
- www.smartaboutmoney.org/ysysyf
- www.smartaboutmoney.org/economicsurvivaltips
- www.managingmymoney.com
- www.nefe.org/eval
- www.myretirementpaycheck.org
- hsfpp.nefe.org

NEFE's newest resource, www.financialworkshopkits.org provides easily-accessed PowerPoint slides, talking scripts, and user-friendly handouts. FinancialWorkshopKits.org also provides FAQs, resources, and tools to further supplement the NEFE materials. All NEFE resources focus on important personal finance topics including budgeting, savings, banking, managing credit, home ownership, identifying needs and wants, building an emergency fund, and avoiding money traps.

NEFE also has contributed to a number of collaborative projects to develop specialized financial education programs, as well as the Train the Trainer program, which presents all the necessary information that non-profits and other groups need to start, maintain, and evaluate a new financial education program and make it successful.

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Teaching and Evaluating Personal Finance Outreach Using Twitter

Barbara O'Neill[1], Rutgers University

The social networking Web site Twitter is increasingly being used as a personal finance educational and marketing tool. It is estimated that at least 8,000 investment-related Twitter messages, called tweets, are distributed daily (Wolverson & Heimer, 2010) from sources that include well-known personalities (e.g., Suze Orman), media outlets (e.g., *USA Today*), financial services firms, and government and non-profit agencies. Although Twitter currently trails several leading Web giants (e.g., Google and Facebook), it has experienced explosive growth during the past two years with 17.10 million visitors in April 2009, up from 1.22 million just a year earlier (Johnson, 2009).

Twitter has been described as a "micro-blogging" Web site because it constrains its users to short message posts of 140 characters or less. Spaces and punctuation count as a "character" so Twitter messages must be extremely concise (Angwin, 2010). The beauty of Twitter as an outreach method is that users can expand well beyond the 140 character constraint with strategically-placed links to additional information contained within blogs, Web sites (e.g., online publications), YouTube videos, online surveys, other social networking sites (e.g., Facebook), and more. In addition, long URLs can be shortened with applications such as bit.ly, TinyURL, and ow.ly, thereby conserving more characters for a Twitter user's message. Further, a Twitter user's messages can be re-tweeted by his or her followers, which further extends educational outreach. The key to being followed and/or re-tweeted is creating messages that provide value to users and/or create a sense of "community" through shared discussion of topics of interest. In other words, to be worthy of a following, financial educators must help and engage with others.

Objective/ Purpose

1. Participants will write a personal and/or professional "Twitter Mission Statement."
2. Participants will learn how to tweet, re-tweet, and co-tweet financial education messages.
3. Participants will learn "tricks of the trade" to send Twitter messages efficiently and effectively.
4. Participants will discuss types of financial information that can be included in tweets.
5. Participants will learn about the Twitter Grader Web site and other ways to measure impact from Twitter use.

Description

This workshop will begin with a discussion of social networking and the need for financial counselors and educators to include it in their "toolkit" of outreach and professional development strategies. It will also discuss the process of tweeting, re-tweeting, and co-tweeting and the importance of completing a Twitter profile and choosing a Twitter identity carefully. Participants will write a "Twitter Mission Statement" which should be used as a guide for developing subsequent tweets. One common dilemma that Twitter users face, with respect to their mission statement, is the decision to tweet about only professional topics, only personal topics, or a combination of both. Following is the workshop presenter's mission statement: "To provide useful, research-based personal finance information (and occasional noncontroversial personal anecdotes) to an increasing number of followers." Participants will interactively discuss types of financial information that can be included in tweets. Some examples include fact sheets, newsletters, newspaper articles, FaceBook pages, blogs, YouTube videos, and re-tweets from reputable sources. Tools (e.g., HootSuite and URL shorteners) and techniques (e.g., hashtags, replies) that can be used to manage Twitter accounts and attract followers will be explained and samples of tweets used to teach personal finance will be displayed. At the conclusion of the workshop, techniques to evaluate the impact of Twitter-based outreach will be explained including Twitter "grades" based on factors such as number of updates and followers, recency and frequency of tweets, and following/follower ratio. It is important to remember, especially in a tough economy, that Twitter messages are part of a person's "digital footprint" and that footprint is part of your resume. As such, tweets should reflect a user's sound judgment, knowledge, skills, and accomplishments.

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Utilizing Technology in Counseling

John Gann[1], Resource Consultants

Key Words: *technology, computer, productivity*

Target audience

The session is designed to appeal to a broad range of technologists, from those who desire to start using technology to those who are looking to expand their productivity utilizing the amazing tools at our disposal.

Objectives/Purpose

For those who are on the cusp of entering the technology arena, we want to help ease their transition and affirm their decision to embrace the ever-changing tech world we live in. For those who have been using technology and are comfortable with it, we will explore some simple ways to increase our efficient use of time. For those alpha geeks among us, we will look at some new ways to achieve what used to be impossible!

Description

Most of us become comfortable, and therefore proficient, with a set way of doing things. However, those methods are often not the most productive in light of technology available today. If we are going to fully meet the needs of our clients and fully engage them in the quest for financial stability, we need to utilize every tool available! Our time together will not be a long discussion of "why"; it will be a demonstration of how. You will leave this session with new tools and techniques to help your clients.

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Payday Loans: Goals for Financial Counselors, Educators, and Researchers

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Key Words: *payday loans, policy, Consumer Financial Protection Agency*

Abstract
Payday loans are available all over the world and many consumers who use them get pulled into a cycle of debt that is extremely difficult to escape. Financial counselors, educators, and researchers need to understand these financial tools so they can help consumers avoid or escape them. Professionals also need to take an active role in influencing public policy decisions relating to payday loans. This paper offers a discussion of payday loans and suggestions for financial counselors, educators, researchers, and consumer advocates regarding alternatives consumers can use, education professionals can provide, and policy actions professionals can take.

Introduction
Over the past 15 years or so, payday loans have become one of the biggest money makers in the American financial services industry. The Small Dollar Loan Products Scorecard released by the National Consumer Law Center, Consumer Federation of America, and Consumers Union on May 13, 2010 revealed that 36 states protect their citizens from payday loans (Plunkett, Caplan & Player, 2010). Of the four predatory lending products included in the Scorecard, states did the poorest job of protecting their citizens from payday loans (Plunkett, Fox, & Hillebrand, 2010). Financial counselors and educators often work with clients who use these financial tools. The widespread availability of payday loans and the problems they create for families and communities make them a timely research topic. This paper provides a discussion of payday loans and suggestions about actions financial counselors, educators and researchers can take to help consumers and to influence public policy.

Originally offered for a few years a century ago as wage advances, today's payday loans are designed as short term (typically less than two weeks), high interest (typically 400% APR) products (King & Parrish, 2007). A consumer is required to have a checking account and a job. Lenders indicate that it is extremely important that customers are able to enter a store and leave with money in hand in a matter of minutes.

Typical loan amounts range from $300 to $500, but in some states can be as high as $1,500. The cost ranges from $15-25 per $100 borrowed (Overton, 2009). The borrower writes a post-dated check to the payday loan company for the full amount of the loan and receives the money, minus the fees. When the loan comes due, the borrower either returns to repay the loan and retrieve the check, or the company submits the check to the financial institution for payment. Often, payday loan companies submit these checks multiple times a day, racking up bounced check fees with every submission.

When a customer is unable to repay and returns to the store in a timeline reflecting the store's rules, the customer may be able to convert the loan to an extended repayment plan that allows more time to repay without racking up new fees with every two week renewal. The more typical action is for the customer to pay new fees and take out another two week loan, with the intention of repaying in full. For many consumers, this happens over and over until they have paid as much in interest and fees as the original loan, but have not begun repaying the principal. These borrowers are in a cycle of debt from which it is very difficult to escape.

The Center for Responsible Lending (CRL) reported that 90% of the payday loan business is created by consumers with five or more loans each (King & Parrish, 2007). Typically, consumers pay an average of $16 per $100 borrowed. For the average $325 loan, this would be $52 for two weeks or an annual percentage rate (APR) of about 400 percent. CRL used data from state regulators to determine that only about 2% of borrowers repay within two weeks (King & Parrish, 2007).

The key for payday loan companies to make money is to get consumers to make repeated loans. Parrish and King (2009) report that 76% of payday loan volume is caused by the short repayment period that forces borrowers to renew their loans. Nationally, 90% of borrowers take out five or more payday loans each year. It is important to

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recognize that this is an average so some borrowers have fewer loans while others have more. King and Parrish (2007) report that:

> Arthur Jackson (name changed), a warehouse worker and grandfather of seven, went to the same (company name removed) payday shop for over five years. His total interest paid is estimated at about $5,000—for a loan that started at $200 and eventually increased to a principal of $300. Advance America flipped the loan for Arthur over a hundred times, collecting interest of up to $52.50 for each transaction, while extending him no new money. His annual interest rate was in the triple digits. Arthur fell behind on his mortgage and filed for bankruptcy.

Financial Services Industry product literature proclaims:

> Since a payday advance is a short-term solution to an immediate need, it is not intended for repeated use in carrying an individual from payday to payday. When an immediate need arises, we're here to help. But a payday advance is not a long-term solution for ongoing budget management. Repeated or frequent use can create serious financial hardships. (Community Financial Services Association, 2005).

However, King and Parrish (2007) report that on June 20, 2007 Cash America CEO Dan Feehan told the Jefferies Financial Services Conference:

> And the theory in the business is you've got to get that customer in, work to turn him into a repetitive customer, long-term customer, because that's really where the profitability is. (Feehan, 2007).

Parrish and King (2009) reported research that revealed that 76% of payday loan volume comes from repeat borrowers. Former employees of payday lenders working with consumer advocates to get consumer protections for payday loans enacted have corroborated Feehan's statement and noted that their personal compensation was influenced by how well they made customers repeat borrowers.

Where payday loan companies operate

In 2009, 15 states and the District of Columbia prohibited payday lending. In July 2010, Arizona will join their ranks as its payday lending law sunsets, but 34 states will still have safe harbor legislation that allows payday lenders to operate (Overton, 2009). Today there are more payday loan stores than McDonalds (Graves, 2006a) or Starbucks (Graves, 2006b) across the United States.

Today the largest companies that offer payday loans are traded on the New York Stock Exchange. Overton (2009) studied the public records of the largest companies and reported that Advance America stores had average revenue per store of $64,000 in the third quarter of 2009, up from $61,000 in the same quarter a year earlier. Cash America offers both storefront and internet services, and in the first nine months of 2009 its storefronts had an 8.1% profit margin, while its internet services had a 16.1% profit margin. Today most of the growth in the industry is in internet lending. It is important to note that 60% of the industry's stores are not large public and private companies, but smaller chains and mom and pop stores. A number of the stores have relationships with major banks that allow them to offer the service.

Many of the companies are rapidly expanding their operations into international markets. Papers on payday loans presented at the 2008 International Federation for Home Economics meeting in Lucern, Switzerland were from both American and European countries. In 2009, Overton reported that payday loans were being offered in the United Kingdom, Canada, Poland, Ireland, Australia and Mexico and likely, in other countries as well.

Outcomes of Payday Loans

Increase in bank overdraft fees: When consumers are unable to repay payday loans secured with their personal check or automatic access to the customer's bank account, overdrafts occur (CRL, 2009). Skiba and Tobacman (2009) found that half of users of payday loans default on a loan within the first 12 months of taking a payday loan.

Involuntary bank account closures: Consumer educators and counselors generally consider having a transaction account with a financial institution to be a cornerstone of financial security. Campbell, Jerez and Tufano (2008) reported finding that an increase in the number of payday lending stores in a particular location is associated with an 11 percent increase of involuntary bank account closures, even after accounting for the impact of other variables including county per capita income, poverty rate, and education.

Bankruptcy: Skiba and Tobacman (2009) report that Chapter 13 bankruptcy filings for first time bankruptcy applicants near the 20th percentile of credit score applications who have payday loans have double the bankruptcy filings of other applicants within two years. By the time people filed for bankruptcy, interest on payday loans accounted for approximately 11% of the total liquid debt interest burden. They found no evidence of consumers obtaining payday loans in anticipation of filing for bankruptcy.

Crime: Recent case study research in Seattle, Washington by Kubrin, Squires and Graves (2008) revealed that social disorganization theory explains the increase in higher violent crime rates found in areas with a concentration of payday lending stores.

Consumers need protection from unsafe financial products and services

Consumer advocates have long argued that in the current marketplace, it is not possible for consumers to adequately protect themselves from unsafe financial products and services. There are some products that contain inherent dangers which consumers cannot readily ascertain in advance.

Historically, the United States has focused on the freely operated competitive marketplace. The over-riding desire is to allow marketplace players, including consumers, to operate with as little government involvement as possible. Typically, the government intervenes when there is an: a) Known hazard, especially one that is difficult for consumers to anticipate or protect themselves from; b) Probability that the hazard causes loss; c) The magnitude of loss is sufficient to cause significant damage to the marketplace (including consumers); d) Benefits of regulating outweigh costs; e) Parties involved have not taken voluntary action; and f) There is political willingness to regulate. When regulations are developed, the incidence and nature of the risk, the effect of the rule on the product and the effect of the rule on competition in the marketplace, are considered (Garman, 2006).

Consumer advocates argue that payday loans, as they are currently offered in the marketplace, are unsafe financial products that require regulation and oversight. They are particularly concerned because a high percentage of consumers, only 2% based on CRL analysis of state data (2007), are able to repay the loans in the initial two week loan term. They have encountered many consumers who have been drawn into a cycle of debt from which they find it difficult to extract themselves.

Attempts to rein payday loans in and techniques to evade them

Local efforts. The primary strategy that localities have used to attempt to control the payday loans offered in their communities is zoning. There are six different types of ordinances used.

1. Moratorium during study period. This strategy can prevent payday loan providers from quickly establishing stores while decisions are being made to limit or make it more difficult to establish payday lending businesses. It is important that this be done before word is out that control is being considered. Often communities grandfather existing stores when they enact limitations.

2. Permanent moratorium. In this case, no new stores can be opened, but typically existing stores are allowed to continue to operate or are gradually required to close over time.

3. Limits on density and/or distance. Localities set limits on the number of payday loan outlets per number of residents or within a specific geographic area. Because payday loan stores tend to gather in particular communities or sections of communities, localities may set limits and then establish waiting lists for new businesses. Advocates suggest reducing the density of stores by at least a third, so if the current density is 1 store per 3,000 residents, raise it to 1 store per 10,000 residents.

4. Special zoning. Limit payday loan stores to certain zoning districts or a limited number in existing districts.

5. Special/Conditional use permit. Requires a special permit for a non-conforming use in an area. Some localities require public hearings when special/conditional use is considered, allowing public comment when the community considers allowing particular business in an area.

6. Prohibition. Communities that use this strategy place an immediate moratorium on new payday loan stores and establish a deadline for existing ones to close. (Fox, 2009).

States that have localities that use zoning ordinances to control payday lenders in their jurisdictions include Arizona, Arkansas, California, District of Columbia, Florida, Illinois, Kansas, Minnesota, Missouri, Mississippi, Nevada, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Vermont, and Wisconsin (Fox, 2009).

State Efforts. At the state level, legislative tools, regulatory tools and court action have been used to attempt to control payday lending. States have enacted a variety of provisions as they have attempted to permit payday lending but also protect consumers or eliminate payday lending from their states. The outcome is that essentially every state's effort to rein in payday loans has led to new products and devices to evade the consumer protections. Time and space do not allow a full discussion of these efforts, but the following examples provide some background.

1. Prohibit payday lending. Currently 15 states and the District of Columbia prohibit payday lending. North Carolina was one of the leaders in this strategy. Research shows that since payday loans were outlawed in North Carolina consumers did not pay more in bounced check fees (North Carolina Commissioner of Banking, 2001) regardless of industry claims.

   In Arizona and Ohio the payday lending industry attempted to get voters to make payday lending legal. While lending proponents spend $35,632,710 on these two ballot box initiatives and opponents only spent $1,552,099 (Evilsizer, 2009), voters in both states soundly rejected them and effectively banned payday lending. In both cases, out-of state donors were the primary source of funds.

2. Attempt to reduce the damage to consumers. Other states have enacted legislation and regulations that attempt to limit the damage consumers experience while still allowing payday loans and thus keeping the jobs they generate. Several states have statewide data bases to limit the number of loans consumers can have at one time. However, in Virginia, stores have 24 hours to enter the loan, so a consumer can easily go from store to store on the same day and exceed the limitation. Some states require that payday lenders offer extended repayment plans. Payday lenders do, but incorporate rules that essentially take away the benefit by doing such things as requiring that the borrower request the plan prior to the date when the loan is due.

   The experience has been that regardless of what was tried, lenders found ways to change their business models so that they did not lose significant business. Essentially, the only action that protects consumers is enacting a 36% APR limitation on payday loans (Center for Responsible Lending, 2009, February). Lenders decry that option as effectively putting them out of business. Because lenders have chosen to close their businesses in some states that have attempted to control payday loans rather than accept the loss of revenue, it is difficult to prove that such limitations truly make it financially impossible for the businesses to survive.

Federal Efforts. At the national level, a number of strategies have been used to attempt to protect consumers and communities from the negative effects of unsafe financial products and services. They have included legislative efforts, regulatory efforts, and court decisions. At the same time, the industry has grown and developed trade associations and raised sufficient financial resources to mount a vigorous campaign to keep payday loans away from the oversight of regulators at any level of government.

1. Action by regulatory agencies. Early in the current lifecycle of payday loans, consumer advocates decried the practice of "renting" a bank charter by payday lenders. Financial institutions gave payday loan companies the financial backing to offer the product and the legal protection to evade state limitations. Gradually, federal regulators began reducing the involvement of banks in some of these practices on the basis that involvement in such high risk lending endangers the safety and soundness of the financial institution. However, consumer advocates have not been able to convince regulators of financial institutions to prohibit payday loans.

2. Special provisions for military. Throughout the struggle to obtain consumer protection from the dangers of payday loans, military representatives have worked closely with consumer advocates on both state and national legislative and regulatory efforts. In October 2006, The Military Lending Act, which caps interest rates on small loans of 91 days or less to active duty military and their dependents, became federal law. It was included in the John Warner National Defense Authorization Act for Fiscal Year 2007 and the interest rate cap became effective October 1, 2007. Financial security and having a good credit record are critical for military readiness. The law provides stiff penalties for those caught giving payday loans to military members and their dependents and since 2007, payday loans are no longer available to this population.

3. Consumer Financial Product Protection Bureau. Throughout the stages of discussion and passage of new federal consumer financial protection legislation, payday loans have been at the forefront. The payday loan industry attempted to have payday loans exempted from oversight by the federal bureau. Consumer advocates countered that these are a perfect example of the type of unsafe product that requires oversight (Warren, 2008).

   The battle over this agency, industry attempts to reduce its power and consumer advocate support for giving it sufficient authority to truly protect the public from unsafe financial products continues at this writing. President Barack Obama has appointed Harvard professor Elizabeth Warren to a position that reports to both him and Treasury so that she can begin setting it up. He is attempting to get the agency running as quickly as possible, without a protracted battle with Congress over approval of the agency's leader, a process observers project could last a year or more, based upon the outcomes for other appointments.

Options provided by mainstream financial institutions

One of the points that consumer advocates and industry representatives have debated in numerous policy venues is the use of APR. It is the tool consumers have to compare apples to apples rather than ending up with apples to oranges when considering various forms of debt. It puts all costs on an annual basis. Industry representatives argue that it is inappropriate to use this tool for payday loans since they are only offered for two weeks at a time. They prefer not to use APR and easily confuse consumers and decision makers when they describe a fee of $15 per $100 borrowed as being 15% interest.

Payday loan advocates have long maintained that their product is at least no worse, and possibly safer for consumers than the costs imposed by financial institutions when consumers bounce checks. The industry has long promoted the perspective that it actually saves consumers money, rather than costing an unfair amount. Figure 1 shows one example of the industry perspective.

Figure 1

How does a $100 payday loan compare?

$100 payday advance with a $15 fee = 391% APR
$100 bounced check with $54 NSF/merchant fees = 1,409% APR
$100 credit card balance with a $37 late fee = 965% APR
$100 utility bill with $46 late/reconnect fees = 1,203% APR.

Source: Consumer Financial Services Association. Retrieved from http://www.cfsa.net/myth_vs_reality.html

Consumer advocates counter with discussion about the way these APR's are calculated (Center for Responsible Lending, 2009, June). In each situation except the payday advance, the fees are the maximum for a month. The payday advance is for at most two weeks and some providers charge fees in addition to the $15 fee that is typically compared with interest. Also, for the other situations, the fee will not increase as the principal increases. Had a principal of $500 and the APR been calculated assuming monthly costs for each example, the APR for the payday loan would be higher and the others would be lower.

From the advocate's view, unfortunately, major banks have actually offered payday loan type products. Fox (2009, August) reports that U.S. Bank, Wells Fargo, and Fifth Third Bank offer open-end credit lines to checking account customers. Because they are open-end, the disclosed APR is for only one statement cycle, resulting in an APR of 120% for a loan that costs $10 for a $100 loan.

A recent major trend of banks has been automatic provision of overdraft loans (Center for Responsible Lending, 2010, February). Fox (2009, August) argues that bank overdrafts ARE payday loans. She compares the two forms of lending noting that both: a) require that the user have a bank account; b) are based on borrowers writing a check or authorizing a debit for more money than the borrower has in the bank; c) are due in a few days; d) require balloon payments of fees plus the amount borrowed; e) have triple digit rates; f) put borrowers in a debt trap; g) lead to other fees when they are not repaid; h) put consumers at risk of losing their transaction accounts.

On March 10, 2010 Bank of America announced that it would end its practice of allowing debit transactions to trigger automatic overdraft loans. The Consumer Federation of America (Fox, 2010) applauded that action, encouraged other financial institutions to take the same action, and once again, called for creation of a strong, independent Consumer Financial Protection Agency to assure that all consumer financial products and services are safe for consumers' financial security.

Internet lending

Described by Fox (2009) as the latest tactic by payday lenders to evade state usury laws, credit protections and even state payday loan laws, some lenders have moved their businesses to the internet. There are four segments in the online payday lending market.

1. Storefront lenders with an online product.
2. Offshore operations.
3. Lenders that claim to be operated by tribal entities that claim sovereign immunity from state laws, jurisdiction, or examination.
4. Referral websites.

Figure 2 shows information from the website of one of the referral lenders.

Figure 2

FAQ's from 100DayLoan.com

If I Have Bad Credit, Can I Still Get a Payday Loan? Yes! Payday loans are based on a number of independent variables **BUT traditional credit scores will NOT prevent you from receiving a payday loan.**

How Much Money Can I Receive With a Personal Loan? Your qualified loan amount is based upon the information you provide in your loan application. Most **payday loans range from $250 to $2,500,** however we do have **lenders that lend up to $10,000***. If this is your first loan you may not be approved for a high amount however, after successful repayment of your payday loan, **lenders tend to increase loan amount on your future loans.** Amounts can also depend on the state laws and regulations, so check with your lender about the *state constraints on payday advances* where you live.

When Will I Have Access to My Funds? After you have been approved and signed a contract most individuals **will receive funds within 24 hours** unless it is a weekend or a holiday. ***However, some of our lenders can wire cash directly to your bank account within ONE hour.***

What If I Don't Have Enough Money In My Bank Account To Pay Off My Loan? If you don't have the money available to pay off the complete balance by your due date **CONTACT YOUR LENDER IMMEDIATELY. MOST lenders will accept partial payments** and extend your loan for an additional fee. BUT THE ORIGINAL LOAN FEE MUST BE PAID FIRST before **most** lenders will extend or write you another loan for the remaining balance.

Source: 100 Day Loans. Retrieved from http://www.100dayloans.com/faq.php

Colorado, Maine, Washington, Virginia, Ohio, Minnesota, Idaho, Oregon, and Indiana have enacted state laws that specify that out-of-state lenders must comply with state payday lending laws. Some other states had jurisdiction without passing new laws. To date, the courts have ruled in favor of state jurisdiction and both state and federal regulators have taken action to enforce these laws.

Some internet (and storefront) lenders set up businesses that appear to sell one thing, for example computers or internet service, when they are really something else – a payday lender. Consumers are also being harassed with phony payday loan debt collection calls (Fox, 2009). Consumers who use internet payday lenders increase their likelihood to be taken advantage of as a result of the transaction.

Alternatives for Consumers

Recent research with data collected for the Federal Reserve's 2007 Survey of Consumer Finances, revealed that 34% of payday loan users say they used payday loans because they are convenient (Logan & Weller, 2009). Only 8% of payday loan users said that payday loans were the only option they had. Clearly, financial counselors and educators have a great opportunity to help the majority of payday loan borrowers use other alternatives.

Products provided by Credit Unions. The National Credit Union Administration (Fryzel, 2009) encourages the federal credit unions it supervises to offer their customers products to meet small loan needs. Related to this, it encourages its members to provide consumer education. Some Credit Unions supervised by states also offer small loan products designed to help their customers. However, some Credit Unions, regardless of whether they are supervised by federal or state regulators, offer products that are as dangerous for consumers as those offered by other entities.

Avoid getting caught without an emergency fund. Fox (2006) recommends that consumers build a $500 emergency fund, using a household budget as a way to track expenses and spending and find a way to save. Joining the America Saves Program (www.americasaves.org) may help consumers achieve this goal.

Cope without borrowing. It may be possible for a consumer to work overtime or provide a service for pay for someone else. There may be some items that can be sold, especially ones that are no longer used or rarely used. Emergency utility programs and other community resources for emergencies may be appropriate to tap. If the shortfall has not happened before or at least not regularly, consumers may find that their employer will provide an advance or partial advance on the next paycheck. Talking with creditors to find affordable ways to extend payments, set up a different repayment schedule, etc. may be worthwhile.

Ask family or friends for help. While this is an option that many consumer prefer to avoid and that financial counselors report can lead to family problems, it may be preferable to securing a payday loan that ends in a cycle of debt that can only be escaped with help from family or friends.

Get credit counseling. Some consumers benefit from participating in effective credit counseling and education (Fox, 2006). It is important for consumers to assure that they are working with a good credit counseling agency; there are some sham companies in the marketplace today. A good place to begin is with an agency that is affiliated with the National Foundation for Credit Counseling. Those in the military may have access to help through Military OneSource.

Recommendations for Financial Counselors and Educators

Payday loans clearly cause problems for many consumers. There are a number of actions that financial counselors and educators can take to help the situation.

Help consumers prepare for financial challenges and opportunities. Professionals who work with consumers should help consumers learn to be prepared for financial emergencies and opportunities, to have a sufficiently funded emergency fund (generally 3-6 months of living expenses), and always be sure to comparison shop – including the literature search as well as market research – for expenditures of $100 or more. They can help consumers consider alternatives to obtain emergency or opportunity money, considering alternatives ranging from selling something they already own to using a credit card, payday loan or loan from a friend or family member. Weighing the pros and cons of various sources of money before being confronted with an emergency or opportunity may help consumers make better financial decisions.

Help consumers understand APR. Educators must assure that consumers understand APR and how it is used. All consumers need to be able to generally translate a weekly or monthly interest rate into an APR. They need to recognize that all fees must be included in the calculation to have an accurate comparison of multiple borrowing options. Further, they need to recognize the influence on the term of the loan on APR. Consumers need this understanding in order to be able to make informed decisions and protect themselves in the marketplace.

*Teach consumers to calculate their own debt limit***.** It is also important that counselors and educators help consumers calculate their own debt loads and limits, so they can assure that they maintain safe levels of debt. Consumers who depend upon sellers to tell them what they can afford are easily pushed beyond safe levels of debt. Consumers need to recognize that sellers' role in the marketplace is to sell them things, not protect the consumer's financial stability. Consumers must have the tools and the understanding that it is their responsibility to control their use of debt.

Understand the policy process and get involved. Financial counselors and educators also need to learn the policy processes and develop working relationships with the people and organizations related to them at the local, state and federal levels. When issues relating to topics with which they have expertise or care about are being discussed or may be brought into the discussion they are prepared to participate. They can keep stories about what happened to clients facing related situations and maybe even help the client be involved in the decision making process.

Because many consumers who get caught in unsafe financial products and services are embarrassed and feel they should have avoided the problems, they are hesitant to share their stories with the people who can help other consumers avoid the problems. Consumer educators and counselors who know the stories are often the best people to explain the impact of unsafe products on individuals, families, employers, and communities. When professionals share with decision makers trends they have observed, and impacts on individuals, it can help decision makers understand the extent to which we can reasonably expect consumers to protect themselves from unsafe financial products and services and when it is necessary for lawmakers and regulators to intervene in the marketplace.

Maybe financial counselors, educators and clients would prefer meeting privately with decision makers rather than speaking in public or writing op-eds, letters to the editor, etc. This may be just as, or more, effective than speaking at public hearings. It requires more time to reach the same number of decision makers but it better protects the privacy of affected consumers and allows personalization of the information to the interests/perspectives of the individual decision makers.

Provide information to consumer advocates. Even if counselors, educators and clients do not want to be directly involved in the decision making process, they can assure that consumer advocates working on the issue have documentation of the experiences consumers have and the impact of various decisions on consumers.

Recommendations for Researchers

Conduct more research. More research on issues related to payday loans is needed. To date, little of the research has been done by family/consumer economists. In February 2009 the Federal Reserve released the first public data that included payday loans. There is a need for researchers to mine this data. The results will be useful to financial counselors and educators working with consumers and to consumer advocates seeking to obtain consumer protection from predatory lending.

Develop more current data and more sources of data. More current data, with less lag time between when data are collected and when researchers get findings out and more sources of data are needed. Academics should find ways to use data collected by states as well as national sources. Industry representatives can mine their data and present information far more quickly than can academic and government researchers. The significant time table difference in policy decision making and typical academic research must be addressed. As the economy and political environment can change quickly, researchers need to be able to present research results to decision makers in a timely fashion.

Interact with the marketplace and advocates. Researchers need to interact with consumer advocates on a regular basis and pay attention to information about current market practices, how they affect consumers, other businesses and communities, and efforts by both consumer advocates and industry to bring about change. There are websites, newsletters, local coalitions, national organizations, and many other sources of information. Researchers need to take the time to have current and accurate information about what is occurring. They need to investigate the impact of unsafe financial products and services on individuals, families, employers and communities. They need to document how much money is being spent on real and necessary consumer products and services and how much money is being drawn from necessities. They need to determine the extent to which money spent by consumers on payday loans is reinvested in the community, spent on other goods and services that help the local economy thrive, and how much money is drawn from the community and invested in other places.

Recommendations for Consumer Advocates

*Interact with both consumer educators/counselors and researchers***.** Consumer advocates can reach out to professionals working with consumers affected by the financial products and services on which they work so they fully understand the market situation from the consumer perspective and are empowered to adequately refute the claims of entities that make harmful financial products and services available. They can work with researchers to shape research questions, obtain appropriate samples for research, and interpret data in light of current or anticipated policy perspectives.

Support consumer education as well as regulation. Advocates need to help decision makers understand the importance of requiring accurate APR’s in the marketplace and the need to fully education consumers. Otherwise, it is difficult for consumers to make responsible decisions that are appropriate for their situations.

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Counseling Delinquent Student Loan Borrowers

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Key Words: *program participants, borrowers, loan types, grace, delinquency, deferment, forbearance, discharge, listening, probing, decision tree, short term solution, long term solution*

Target Audience

Counselors and other individuals who may assist current students, former students, parents, and co-signers who borrowed federal student loans and are experiencing difficulty repaying their educational debt.

Objective/Purpose

Education and information to assist counselors and other individuals on understanding the Federal Student Loan Program, its participants, and the options available. Including counseling student loan borrowers needing assistance to avoid or resolve delinquency and not experience the consequences of default.

Description

I'm behind in my student loan payments! Why am I receiving phone calls and letters about this from so many different entities? What are my options and how can I take care of this? The Practitioners' Forum will focus on the following:

Student loan overview
Program participants, loan types, life of loan, delinquency, default, and discharge.

Counseling delinquent student loan borrowers
Listening, probing, decision tree, short and long term solutions.

Role play
Audience participation between counselors and clients.

Knowledge check
Test your knowledge on what you learned.

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Making Sense of the Mandated Student Loan Counseling

Janet Dodson, AFC
National Student Loan Program (NSLP)

Key Words: *borrowers, enrollment, entrance, exit, Federal Pin, interest, Master Promissory Note (MPN), NSLDS, repayment, responsibilities, rights*

Target Audience
Counselors and other individuals working with students and parents to understand the rights and responsibilities of federal education loans.

Objective/Purpose
Training and instruction to assist counselors on understanding the mandated student loan counseling requirements.

Description
Student loan borrowers must participate in the required activities of entrance and exit counseling. During this session, participants will be updated on the information student borrowers are provided as well as provide an explanation of what the information really means. During this session repayment options will be explored and discussed.

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Behavioral Finance and Counseling: Blunders and "Whys"

Kimberlee Davis[1], Texas State University at San Marcos
Ryan Halley, George Fox University

Key words: *behavioral finance, behavioral economics, personal finance, financial counseling*

Target Audience

The content of this forum will be of particular interest to financial counselors working with members of any segment of the American population who are not able to meet their financial goals, whether such goals are to meet monthly financial needs, maintain an emergency fund and provide for their financial needs in retirement, or to purchase investment property.

Objective/Purpose

The objective of this presentation is to build upon last year's presentation. Through the creative use of scenarios, common problematic financial behaviors that arise in the remedial financial counseling setting will be illustrated and analyzed. The presenters will highlight the role that behavioral finance plays in the financial counseling process. In addition, effective financial behaviors have roots in behavioral finance as well and will be discussed. Behavioral finance topics considered include: mental accounting (Thaler, 1999), bigness bias **(S**hafir, Diamond & Tversky, 1997), anchoring, prospect theory, decision paralysis, trade-off contrast and extremeness aversions, endowment effect, money illusions regarding inflation, and probabilities or gamblers fallacy (Belskey & Gilovich, 1999).

Description of Content and Method

Behavioral finance is of interest because it helps explain the "why" and "how" individuals select financial behaviors that result in both successful and unsuccessful management of personal finances. At last year's AFCPE conference, one of the presenters presented a practitioner's forum entitled, "What Practitioners Need to Know About Behavioral Finance." The audience feedback received was robust and encouraging. This presentation will provide more specific, tangible information on how to handle behavioral finance tendencies exhibited in client behavior.

In the remedial financial counseling setting, typically a financial counselor, through counseling techniques, helps the client identify ineffective financial behaviors. The session's focus is on the behaviors that result in the mismanagement of personal finances and the development of more effective financial behaviors that a client might implement to improve money management practices. Often, these behavioral changes are expected without an investigation as to the psychological influences on financial behaviors as researchers in behavioral finance have identified. Behavioral finance research provides an understanding of why clients behave in irrational ways, essentially "why" the client might be prone to making financial mistakes and what can be done to counter these behavioral tendencies.

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Transforming Financial Education in Higher Education

Kristy Vienne[1], Ed.D., Assistant Vice President for Student Services
Jacki Brossman-Ashorn[2], M.B.A., Assistant Director, Student Money Management Center
Sam Houston State University

Mary K. Johnson[3], Financial Literacy and Consumer Advocacy Manager
HigherOne, Inc.

Key Words: *students, money, technology*

Target audience

Higher education professionals, practitioners and counselors serving college students, college-bound students, and their families, as well as other financial literacy counselors looking to develop outreach programs.

Objectives/Purpose

Program participants will:

- Learn the characteristics of today's college generation and their specific learning needs.
- Understand the importance of educating individuals through a variety of outlets, as individuals have different educational needs.
- Learn the pedagogical challenges financial educators face with this generation.
- Learn how to effectively create and implement financial education learning programs for this generation and future generations.
- See an example of a creative financial education technology based teaching tool (KatCents Financial Scholars), and discuss innovative outreach ideas.
- Learn potential assessment methods when using technology based educational programming.
- Receive samples of learning modules assessed in KatCents.

Description

This presentation begins with a look at the current college generation, their characteristics, why they are ill-prepared in fiscal matters, the consequences of their actions on the economy, and how colleges and universities are taking a proactive approach to teach students money management in effective methods conducive to their learning styles. Pedagogical challenges will be examined in an attempt to identify effective teaching methods to this generation. This discussion will then transition to an interactive financial education game and learning module that Sam Houston State University is currently using which teaches students through electronic channels, allowing students to access valuable financial information anytime, anywhere.

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Money Power: Wise Decisions About Your Money and Your Life for College Students

Joanne Bankston[1], Ph.D., Kentucky State University Cooperative Extension Program

Key words: *college students, financial education, money management, credit*

Target Audience

The target audience for this program is college freshmen, college students, students preparing to enter college and parents.

Objectives/ Purpose

- To motivate students better understand the importance of financial management in their college career and their life.
- To encourage students to learn the rules regarding financial aid and university policies.
- To encourage students to develop a financial plan and a realistic budget.
- To develop strategies to keep money safe from loss and theft.
- To become familiar with banks and banking services including debit cards and online banking.
- To become aware of issues related to using credit cards, and to use credit wisely.
- To encourage students to protect their personal information.

Description

The importance of financial education workshops, seminars, and classes cannot be understated as a means of increasing student knowledge in personal finance. Money Power: Wise Decisions About Your Money and Your Life is a program designed to provide introductory financial education to incoming college freshmen and other college students to assist them in making wise decisions about their money, financial resources required for their college education, and other related matters. The program can also be used with high school seniors and other groups in preparation for college attendance, as well as, parents of college students. Originally designed for use with college students at Kentucky State University, a historically Black liberal arts and land grant university with a diverse student body, the materials have now been modified and adapted for more generic use at a wide variety of universities. Introductory workshops have been presented to more than 3,000 students at Kentucky State University, Delaware State University, Northern Kentucky University, sorority members at University of Louisville, high school seniors and others. Presentations have been made by the author and other college professors and teachers. Evaluations completed for some workshops indicated that over 70% of students had not been exposed to money management training to prepare them for college, and 73% planned to develop a spending plan.

Initiated in 2006 as a PowerPoint presentation, the program now includes a pamphlet, monthly budget worksheet, PowerPoint presentation, and activities for budget preparation, such as, case studies. Revisions were made to the material in 2009 and 2010, and now include information on new credit laws as they affect college students and online banking. The content in the pamphlet addresses: college as a new experience; managing money as a life skill; communicating with family and others about financing your education; student responsibility for helping to secure financial aid and paying it back; developing a plan for reaching goals; developing a realistic budget; keeping money from being lost or stolen; banking services including online banking, credit, and debit cards; and protecting personal information. An accompanying monthly budget worksheet is provided to track income and expenses, and case studies have been included.

The PowerPoint presentation covers topics more in depth, and can be used in sections and in combination with the fact sheet. Content includes: the budgeting process – including goal setting; understanding resources; developing a savings plan, and the power of money over time; how to stretch your college dollars; banking and bank accounts; credit matters and the cost of credit card debt; credit history and credit scoring; and identity theft and strategies for protecting your personal information.

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Relational Financial Therapy: An Interdisciplinary Approach

Joseph Goetz[1], Jerry Gale, Maria Bermudez, Lance Palmer, and Lee Johnson
University of Georgia

Key Words: *financial therapy, financial counseling, couple counseling*

Target Audience

The target audience for this practitioners' forum was professionals who might partner with, or make referrals to, a marriage and family therapist in the interest of more effectively and efficiently assisting individuals and families experiencing financial or relationship stress. An additional target audience was researchers interested in the outcomes of a new model of financial intervention where financial planning and family therapy experts provided co-counseling to couples.

Objectives

The primary objective of this session was to present the findings from a pilot project that explored the effectiveness of a new model designed to assist couples who were experiencing both financial and relationship stress. This new model utilized co-therapy teams of marriage and family therapists and financial planners who employed a five-session treatment approach in working with 12 couples. A secondary objective was to encourage participants to realistically identify and assess opportunities for cross-disciplinary collaboration both on college campuses and in the community in working with family in financial distress.

Description

Prompted by a call to address poverty, faculty from two different university programs developed an interdisciplinary, psychoeducational intervention model referred to as *Relational Financial Therapy*. This model integrated treatment aspects from couples therapy (incorporating aspects of systemic therapy, solution-focused therapy, and emotion-focused therapy) with financial planning strategies and was designed to help couples increase individual, marital, and family stability, decrease financial distress, and increase one's economic locus of control. The presenters discussed opportunities and challenges associated with this model.

The model of Relational Financial Therapy became the main building block for the development of the ASPIRE Clinic (established January 2010), which continues to serve community members who desire to improve their financial lives and relationships. The establishment of this new model and clinic was premised on the clear evidence of interdependence between economic stress and the quality of family relationships (see Gale, Goetz, & Bermudez, 2009).

This session described the establishment and current processes of this newly-formed, university-based clinic designed to offer both financial and relationship counseling. More specifically, the development of the ASPIRE Clinic as both an individualized service to members of the campus community, as well as a pedagogical tool for students majoring in financial planning, marriage and family therapy, and related academic areas, was addressed.

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Change in Self-Esteem Over Time: Does Financial Success Matter?

Tim Griesdorn[1], Texas Tech University

Key Words: *self-esteem, NLSY, wealth*

Abstract
The Rosenberg theory of self-concept (1979) indicates one of the principles related to global self-esteem formation is social comparison. Financial success is one of the many ways in which comparisons can be made, and this research seeks to determine if change in financial success predicts change in global self-esteem. Utilizing National Longitudinal Survey of Youth (NLSY) data this study investigates if financial success is a predictor of global self-esteem variation. Financial success, defined as change in net worth from 1994 to 2004, is compared to global self-esteem change to see if it is a significant predictor of global self-esteem. The results indicate change in net worth is not a significant predictor of change in global self-esteem. Variables that significantly predict global self-esteem change include: age, income, job satisfaction, employment status, homeownership, body mass index, exercise frequency, education, AFQT, depression, Rotter locus of control, and Pearlin self-mastery index.

Introduction
For over 40 years, researchers have noted strong correlations between global self-esteem and various indicators of health, income, wealth, educational attainment, relationships, locus of control, self-efficacy, job satisfaction and religious attendance. Rosenberg (1979) suggests global self-esteem is formed and maintained through social comparison, self-attribution, reflected appraisal, and psychological centrality. As performance is compared to peers in various areas of life, a perception of self worth is formed. Comparisons are common in areas of educational attainment, income, relationships, and health. Indeed, previous research indicates all of these factors were significantly correlated with global self-esteem.

Global self-esteem together with locus of control and self-efficacy combine to describe the process of the exercise of human agency. Global self-esteem can be defined as a favorable or unfavorable attitude towards self (Rosenberg, 1965). Locus of control refers to the internal or external control of reinforcement or the psychological perception of how much control has over one's environment (Rotter, 1966). Self-efficacy refers to people's beliefs about their capability to exercise control over their actions and events that affect them (Bandura, 1993). Global self-esteem formation and change is important because of its close correlation with individual feelings of happiness (Baumeister, Campbell, Krueger, & Vohs, 2003).

Rosenberg (1979) indicates the social comparison process and feelings of economic superiority partly account for global self-esteem in adults. The other principles of global self-esteem formation include self-attribution, reflected appraisal, and psychological centrality. Self-attribution refers to the observation the individual's own behavior and the related outcomes. For example, if a child gets good grades and positive feedback in school, he is likely to regard himself as being good at school. This positive regard of self would in turn enhance the child's global self-esteem. Reflected appraisal refers to how people are influenced by the attitudes of others towards them. For example, if a child is repeatedly told he is of no worth, a mistake, and other derogatory things, over time these attitudes will become internalized and reduce global self-esteem. Psychological centrality refers to the value a person places on a characteristic will determine the amount of self-esteem generated by possessing that characteristic. For example, if wealth is highly valued by a person, then the possession of wealth will enhance his global self-esteem. This research will test the social comparison portion of the Rosenberg theory of global self-esteem formation by comparing financial success variables with change in self-esteem levels over a 26 year period.

Problem Statement
Very little research exists on the impact of financial success on increased global self-esteem. Rosenberg (1979) indicates adults who achieve financial success have higher self-esteem, but the strength of the relationship depends on how much importance the individual places on money. Gecas and Seff (1990) found a strong correlation between

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global self-esteem and income and education among adults, in the cross section. Chatterjee, Finke, and Harness (2009) found a correlation between change in net worth and high self-esteem, but did not look at change in self-esteem over time.

Most of the research to date has been conducted with cross sectional data using self-esteem as an independent variable. Therefore, the impact of financial success on change in global self-esteem is unknown. This paper investigates the hypothesis that change in global self-esteem over time is related to previous financial success.

Review of the Literature

Change in Global Self-esteem over Time

A debate over the static nature of global self-esteem continues. It has been suggested that global self-esteem originates from personality traits which tend to remain stable over time (McCrae & Costa Jr., 1999; Robins, Tracy, Trzesniewski, Potter, & Gosling, 2001; Watson, Suls, & Haig, 2002). Indeed, a large body of research showed self-esteem to be very static over time (e.g. Demo & Savin-Williams, 1992; Roberts & Bengtson, 1996; Wylie, 1979). A nine-year longitudinal study of 91 adolescents found no change in self-esteem of participants from age 14 to 23 (Block & Robins, 1993). Many studies have shown high correlation between current global self-esteem and previous global self-esteem measures, with correlations of .5 and higher common (Simmons & Blyth, 1987; Zimmerman, Copeland, Shope, & Dielman, 1997).

On the other hand, there is some evidence that self-esteem increases as people age. A meta-analysis indicated self-esteem increased from elementary school through high school, dropped slightly in college and increased again through middle age and dropped off in retirement (Twenge & Campbell, 2002). Other researchers found high self-esteem in childhood, followed by a decrease in self-esteem in adolescence, with increased self-esteem though late adulthood and then significant decline in old age (Robins, Trzesniewski, Tracy, Gosling, & Potter, 2002; Trzesniewski, Donnellan, & Robins, 2003).

The majority of research analyzing self-esteem utilized cross sectional data with children or adolescents. Rosenberg (1979) compared Baltimore school children in grades 3 through 12, ages 8 to 18, and found global self-esteem tended to decrease slightly in early adolescence and then improved in later adolescence. Rosenberg (1979) suggested that increased global self-esteem over time may be due to the social comparison process. Children are more likely to think of their peers as being similar to themselves. As children age they become more aware of their surroundings and those with whom they associate. Society slowly influences the perception of value and worth and what it means to be successful.

The literature is even more limited for changes in adult self-esteem over long periods of time (Demo & Savin-Williams, 1992). Gove, Ortega, and Style (1989) found self-esteem increased slightly as people age. Additional research is needed on change in adult self-esteem over long time periods to better understand how much the various predictors can influence global self-esteem levels. The following section presents factors utilized in the social comparison process that influence global self-esteem.

Predictors of Global Self-esteem

Financial Behavior

Self-esteem has been shown to influence people's perceptions of risk. Global self-esteem was a significant factor associated with financial risk tolerance (Grable, Britt, & Webb, 2008; Grable & Joo, 2004). People with low global self-esteem make regret-minimizing decisions if they know the outcome of their decision (Josephs, Larrick, Steele, & Nisbett, 1992). Therefore, they may perpetuate wealth minimizing actions like investing in stable value funds even though a blended fund may have a higher expected return with slightly higher risk.

High global self-esteem may influence wealth accumulation indirectly through increased risk tolerance. People who own stocks, mutual funds and other financial assets have a higher global self-esteem than respondents who do not own risky assets (Chatterjee et al., 2009). Material wealth is important to social approval and thus correlated with global self-esteem (MacDonald, Saltzman, & Leary, 2003). MacDonald et al. (2003) indicated that those items believed to be needed for social acceptance like competence, attractiveness, wealth, sociability, and morality are strong predictors of global self-esteem.

Homeownership is an important source of wealth for most American families. Campbell (2006) estimates home equity accounts for approximately 60% of household net worth for middle-class families. The amortization process of a mortgage is a form of forced savings for many households and the increase in home values during the 1994 to 2004 timeframe could have significant impact in the change in a household's net worth.

Income

Income is highly correlated with both global self-esteem and wealth. Therefore it is natural to conclude that someone with a high income will benefit from increased global self-esteem as a result of their favorable comparison with others. In addition, success in any field may also lead to increased favorable attitude towards oneself. Job loss and long periods of unemployment would be expected to lead towards a decrease in global self-esteem.

Education

Education can be seen as an investment in human capital and has been found to increase average earnings (Orr, 2003; Zagorsky, 2005, 2007). Previous research has shown self-esteem levels to change in response to academic performance (Baumeister et al., 2003; Bowles, Gintis, & Osborne, 2001; Rosenberg, Schooler, & Schoenbach, 1989; Scheirer & Kraut, 1979). Bachman and O'Malley (1977) found a positive correlation between global self-esteem and school performance. They subsequently concluded self-esteem is a result rather than a cause of educational achievement, and higher education has no direct impact on global self-esteem. Scheirer and Kraut (1979) reviewed evidence from various school programs like Head Start and Upward Bound. Scheirer and Kraut found improvements in global self-esteem appear to be the outcome of improved academic performance. Additional evidence supporting academic achievement predicts future global self-esteem was reported in a study conducted by Skaalvik and Hagtvet (1990). They studied 600 Norwegian children and found that high grades in school one year led to higher global self-esteem in the subsequent year. Bowles et al. (2001) found a positive correlation exists between school grades and subsequent global self-esteem scores. Finally, several studies indicate those with higher IQ tend to obtain higher levels of education (Guay, Marsh, & Boivin, 2003; Kammeyer-Mueller, Judge, & Piccolo, 2008; Skaalvik & Valas, 1999; Zagorsky, 2007).

Health Status

Several health related factors such as weight, exercise frequency, and smoking have been shown to be correlated with global self-esteem (Baumeister et al., 2003). A significant correlation exists between actual body weight and self-esteem, and this relation is stronger for people who perceive themselves as overweight compared to those who are actually overweight (Miller & Downey, 1999). Middle-aged adults who started an exercise program experienced a significant increase in global self-esteem within the first 20 weeks (McAuley, Mihalko, & Bane, 1997). Additional studies have shown similar correlation between exercise and global self-esteem (McAuley, Blissmer, Katula, Duncan, & Mihalko, 2000; Sonstroem, 1984).

Several studies suggest a correlation with smoking and low self-esteem (Baumeister et al., 2003). Pederson, Koval, McGrady and Tyas (1998) found current smokers had lower global self-esteem than the adolescents who had never smoked. Similarly, girls with low global self-esteem were three times more likely to try cigarettes (Abernathy, Massad, & Romano-Dwyer, 1995). Low global self-esteem did not predict cigarette use.

Locus of Control, Self Efficacy, and Depression

People who feel more in control of their lives tend to have higher global self-esteem. Locus of control refers to the internal or external control of reinforcement or the psychological perception of how much control has over one's environment (Rotter, 1966). An internal locus of control would suggest the individual feels responsible for their current situation, while an external locus of control would suggest the individual feels factors outside their control are the cause of their situation. Fleming and Watts (1980) found college students with an external locus of control had lower self-esteem than students with an internal locus of control. Other researchers have found similar correlations between global self-esteem and locus of control (Ickes & Layden, 1978; Ryckman & Sherman, 1973). Confidence in task performance, also known as self-efficacy, can influence self-esteem. Individuals with low self-esteem who were given positive feedback about their performance performed just as well as high self-esteem people in subsequent tasks (Brockner, 1979). High self-esteem individuals utilized more adaptive self-regulatory strategies than low self-esteem individuals. Compared with low self-esteem participants, high self-esteem participants persisted more after a single failure, but less after repeated failure when an alternative was available (Brockner, 1979).

Depression and low self-esteem have been shown to be correlated. However, low global self-esteem is considered to be a risk factor and not a cause of depression related symptoms. The level of self-esteem does not predict the onset of depression (Roberts & Monroe, 1994). However, low global self-esteem combined with self-blaming attributional style and stress predicted future depressive episodes (Robinson, Garber, & Hilsman, 1995).

Data

The National Longitudinal Survey of Youth (NLSY79) has been conducted every year from 1979 to 1994, then starting every two years thereafter. The NLSY is a nationally representative panel dataset comprising 12,686 respondents. The dataset includes individuals who were born between the years of 1957 and 1964, and has a 77% retention rate as of 2006. In 1980, 1987, and 2006 the Rosenberg self-esteem assessment was given to all the participants. During 1980 the participants ages ranged from 15 to 23 with the median age being 18. Therefore, the first measurement of self-esteem was captured during late adolescence before significant financial success could have been personally achieved. The last measurement of self-esteem occurred 26 years later with respondents' ages ranging from 41 to 49 years of age. For many these would be considered to be the beginning of their peak earnings years and after most had completed any formal education they desire. The life cycle hypothesis suggests most families would be in the asset accumulation phase during 31 to 49 years of age (Hanna, Fan, & Chang, 1995). This unique combination of self-esteem captured early in life, and tracked over a long period of time, combined with other key control variables makes this dataset the ideal source to investigate the relationship between global self-esteem and financial success.

Financial success for this research is operationalized as change in household net worth from 1994 to 2004, and is measured using self-response data from NLSY participants. The 1994 to 2004 time period was selected because it allowed sufficient time for the net worth accumulation process to be seen and was due to the availability of the data within the NLSY. This study will look at changes in respondents' self-esteem from 1980 to 2006 to test if change in their net worth from 1994 to 2004 (financial success) is a predictor of subsequent global self-esteem after controlling for the other factors which have been shown to be correlated with self-esteem: education, income, AFQT, age, employment status, depression, smoking, body mass index, exercise frequency, health, locus of control, marital status, homeownership, divorce, children, self-efficacy, job satisfaction, income, bankruptcy, race, gender and religious attendance.

Method

To test for financial success increasing subsequent global self-esteem levels, the National Longitudinal Study of Youth 1979 (NLSY) was utilized. The data was limited to those respondents who answered the RSES questions in 2006 which reduced the sample size to 7,370.

Dependent Variable

The dependent variable for this study is the change is the Rosenberg Self-esteem Scale (RSES) from 1980 to 2006. The RSES has received more psychometric and empirical validation than any other measure of self-esteem (Robins, Hendin, & Trzesniewski, 2001). RSES reverse coded questions were recoded in a positive direction, indicating the higher the self-esteem score on the scale the higher the respondents' self-esteem. The scale has a range from 10 to 40. Each question was measured using a four point Likert-type scale from strongly agree to strongly disagree.

Independent Variables

Financial success as measured by change in net worth from 2004 to 1994 is the independent variable of interest. The difference between the two key net worth variables R8378701 (2004) and R5050100 (1994) was used to create the variable change in net worth. The change in net worth variable was ranked and then grouped by quintile to adjust for the non-linearity commonly found with wealth variables. In addition to change in net worth the study will control for other financial, human capital, health, psychological and demographic predictors shown to be correlated with global self-esteem.

Financial Predictors

Income was measured as household income in 2006 and was transformed by taking the natural log of income to adjust for nonlinearity common in this type of measure. Employment status was coded as 1 for employed including active military service and 0 as unemployed including retired or disabled. The existence of a previous bankruptcy was indicated with the response to the question: "Have you ever declared bankruptcy?" Homeownership was operationalized as owning a home, condominium, or apartment either with or without a mortgage. Homeownership was coded as a dummy variable with 1 indicating homeowner and 0 as a renter or other form of non homeownership. Job satisfaction utilized question T02776: "How do you feel about your current job?" with responses on a four point Likert scale ranging from "Like it very much" to ""Dislike it very much".

Human Capital Predictors
The Armed Forces Qualifying Test (AFQT) which was administered to all participants in 1981 and is a measure of intelligence. In 2006 the scores were adjusted to remove an age bias that favored older respondents at the time of the test administration. Education, originally reported as the number of years of schooling, was transformed into a categorical variable with five values: less than high school, high school, some college, completed bachelor's degree, and education beyond bachelor's degree.

Health Status Predictors
Body mass index was calculated using height measurement from 1982 and weight from 2006. The weight was converted to kilograms and divided by the height which was converted into meters squared to compute body mass index. Exercise frequency responses were recoded to compute an exercise frequency per day in which the respondent indicated they exercised for more than 10 minutes. As an indication of poor health, each year the survey respondents are asked: "Would your health keep you from working on a job for pay now?" A dummy variable was created to indicate if a respondent ever had a health condition that prevented them from working. A dummy variable for smoking was created and a positive value was given if the respondent had ever smoked more than 100 cigarettes in their lifetime as of 1998.

Psychological Predictors
Depression was measured in 2006 using the Center for Epidemiologic Studies (CES-D) scale which is designed to measure depression in the general population. The values for the questions were summed to create a depression variable. Locus of control was created by adjusting for the reverse coding and summing up the values into a single variable. Finally, the Pearlin mastery scale questions were adjusted for reverse coding and summed into a single variable. The range of the variable is 7 to 28 with the highest part of the range indicating the highest level of personal mastery.

Demographic Variables
The age variable used was the respondent's age as of the last interview. Race was consolidated into a categorical variable utilizing the question: "What is your origin or descent?" The frequency of religious attendance was transformed into a dummy variable if the respondent attends a religious service at least one time per month or more. The existence of children in the home is also a dummy variable if there are one or more children in the household. The variables of marital status and gender were not manipulated in any way. To estimate whether net worth is a predictor of self-esteem, OLS regression is conducted utilizing SPSS (version 17) software.

Model:
Δ Self-esteem = $\beta0 + \beta1*\Delta$ Net Worth + $\beta2$*AFQT + $\beta3$*Age + $\beta4$*Gender + $\beta5$*LogTotal Income + $\beta6$*Race + $\beta7$*Marital Status + $\beta8$*Homeowner + $\beta9$*Religiosity + $\beta10$*Children + $\beta11$*Education + $\beta12$*Bankruptcy History + $\beta13$*Divorce History + $\beta14$*BMI06 + $\beta15$*Employment status +$\beta16$*Depression + $\beta17$*LOC + $\beta18$*Bad Health + $\beta19$*Pearlin + $\beta20$*Ever Smoked + $\beta21$*Exercise Frequency + $\beta22$*Job Satisfaction.

The OLS regression assumptions were all satisfied, so five regression models were run with each model adding another category of predictors. This was done to examine how each set of predictors contributes to the overall model specification. The results of the analysis are presented in the next section.

Results
Descriptive Statistics
In Table 1.1, descriptive statistics for the study are presented; they are adjusted for the sampling weight and thus represent the national population for this age cohort. In 1980, the mean global self-esteem score is 32.49, and a standard deviation of 4.09. In 2006, the mean global self-esteem score is 33.59, and a standard deviation of 4.43.

One full standard deviation above the 2006 mean is 38 and this value and above was utilized to indicate high respondent global self-esteem.

Table 1.1
Descriptive Statistics

	Mean	Std. Dev.	Median
RSES 1980	32.49	4.09	
RSES 2006	33.59	4.43	
Change in Net Worth 2004-1994	$170,199	$407,996	$60,850
Income	$81,234	$83,625	$62,000
Job Satisfaction (1 hate, 4 love)	3.40	.69	
AFQT	50,271	29,050	
Years of Education	13.6	2.54	
Body Mass Index	28.15	5.80	
Frequency of Exercise/day	.49	.59	
Depression	3.19	4.06	
Locus of Control	11.45	1.71	
Self Mastery Index	22.23	3.20	
Age	44.89	2.30	
Binary Variables		% Meeting Condition	
Homeowner		74%	
Employed		82%	
Have Children		80%	
Previous Bankruptcy		14%	
Previous Divorce		36%	
Currently Married		62%	
Ever Smoked		51%	
Health Condition that Prevented Work		20%	
Female		49%	
Attend Religious Service 1x/mo or more		72%	
White		75%	
Black		14%	
Asian		1%	
Hispanic		6%	
Other Race		5%	

Weighted values used for Descriptive Statistics

Younger respondents have lower global self-esteem scores. Table 1.2 shows a positive monotonic relationship exists for all ages in the 38 to 40 score range in the 1980 survey. The relationship is only seen in the 1980 survey indicating once respondents leave the teenage years, there is no significant difference in global self-esteem as they age.

Table 1.2

Crosstab 1980 Self-esteem by Age of Respondent

	Rosenberg Self-esteem Scale Score					
Age	< 26	26-28	29-31	32-34	35-37	38-40
15	35	124	201	134	88	37
16	47	185	331	226	133	88
17	38	163	296	219	176	111
18	30	138	278	233	172	114
19	32	137	285	209	191	137
20	21	131	210	205	160	117
21	23	79	202	157	135	115
22	20	93	172	180	161	139
23	2	16	43	38	35	32
Total	248	1066	2018	1601	1251	890

Percent by age

	Rosenberg Self-esteem Scale Score					
Age	< 26	26-28	29-31	32-34	35-37	38-40
15	5.7%	20.0%	32.5%	21.6%	14.2%	6.0%
16	4.7%	18.3%	32.8%	22.4%	13.2%	8.7%
17	3.8%	16.3%	29.5%	21.8%	17.5%	11.1%
18	3.1%	14.3%	28.8%	24.1%	17.8%	11.8%
19	3.2%	13.8%	28.8%	21.1%	19.3%	13.8%
20	2.5%	15.5%	24.9%	24.3%	19.0%	13.9%
21	3.2%	11.1%	28.4%	22.1%	19.0%	16.2%
22	2.6%	12.2%	22.5%	23.5%	21.0%	18.2%
23	1.2%	9.6%	25.9%	22.9%	21.1%	19.3%

Crosstab 2006 Self-esteem by Age of Respondent

	Rosenberg Self-esteem Scale Score					
Age	< 26	26-28	29-31	32-34	35-37	38-40
41	12	40	152	80	80	107
42	29	72	265	185	198	255
43	29	91	323	191	187	258
44	31	73	281	150	212	260
45	27	81	320	181	197	246
46	30	87	239	169	169	221
47	20	47	245	123	148	199
48	27	69	236	120	146	197
49	3	30	66	49	38	79
Total	208	590	2127	1248	1375	1822

Percent by age

	Rosenberg Self-esteem Scale Score					
Age	< 26	26-28	29-31	32-34	35-37	38-40
41	2.5%	8.5%	32.3%	17.0%	17.0%	22.7%
42	2.9%	7.2%	26.4%	18.4%	19.7%	25.4%
43	2.7%	8.4%	29.9%	17.7%	17.3%	23.9%
44	3.1%	7.2%	27.9%	14.9%	21.1%	25.8%
45	2.6%	7.7%	30.4%	17.2%	18.7%	23.4%
46	3.3%	9.5%	26.1%	18.5%	18.5%	24.2%
47	2.6%	6.0%	31.3%	15.7%	18.9%	25.4%
48	3.4%	8.7%	29.7%	15.1%	18.4%	24.8%
49	1.1%	11.3%	24.9%	18.5%	14.3%	29.8%

In Table 1.3 the cross tabulations of AFQT and global self-esteem are shown. The table indicates the lower the participant's IQ quintile, the more likely the respondent experienced a significant increase in global self-esteem from 1980 to 2006. For example, in 1980 only 4.9% of lowest quintile respondents AFQT had a global self-esteem score between 38 to 40, whereas 20.8% of highest quintile AFQT respondents indicated a global self-esteem score between 38 to 40. This positive monotonic relationship exists for all AFQT quintiles in the 38 to 40 score range. Every AFQT quintile group shows an increase in global self-esteem in the highest score range during the 2006 survey. For example, 13.4% of 1st quintile, and 30.9% of 5th quintile respondents indicated a global self-esteem score between 38 to 40 in 2006. The positive monotonic relationship of increased self-esteem with AFQT remains during the 2006 survey.

Table 1.3

Crosstab 1980 Self-esteem by AFQT of Respondent

AFQT Quintile	Rosenberg Self-esteem Scale Score					
	< 26	26-28	29-31	32-34	35-37	38-40
1	99	348	446	235	110	64
2	58	269	468	309	202	128
3	43	177	435	332	283	160
4	30	155	359	350	323	235
5	18	117	310	375	333	303
Total	248	1066	2018	1601	1251	890

Percent by AFQT

AFQT Quintile	Rosenberg Self-esteem Scale Score					
	< 26	26-28	29-31	32-34	35-37	38-40
1	7.6%	26.7%	34.3%	18.0%	8.4%	4.9%
2	4.0%	18.8%	32.6%	21.5%	14.1%	8.9%
3	3.0%	12.4%	30.4%	23.2%	19.8%	11.2%
4	2.1%	10.7%	24.7%	24.1%	22.2%	16.2%
5	1.2%	8.0%	21.3%	25.8%	22.9%	20.8%

Crosstab 2006 Self-esteem by AFQT of Respondent

AFQT Quintile	Rosenberg Self-esteem Scale Score					
	< 26	26-28	29-31	32-34	35-37	38-40
1	76	216	531	262	191	198
2	40	145	479	255	234	321
3	34	86	396	253	291	414
4	33	66	390	228	324	433
5	25	77	331	250	335	456
Total	208	590	2127	1248	1375	1822

Percent by AFQT

AFQT Quintile	Rosenberg Self-esteem Scale Score					
	< 26	26-28	29-31	32-34	35-37	38-40
1	5.2%	14.7%	36.0%	17.8%	13.0%	13.4%
2	2.7%	9.8%	32.5%	17.3%	15.9%	21.8%
3	2.3%	5.8%	26.9%	17.2%	19.7%	28.1%
4	2.2%	4.5%	26.5%	15.5%	22.0%	29.4%
5	1.7%	5.2%	22.5%	17.0%	22.7%	30.9%

Regression Analysis
Table 1.4 summarizes a series of multiple regression analyses that was conducted to evaluate how well the change in net worth measures predicted change in self-esteem. The predictors include change in net worth (2004-1994), age, AFQT, Pearlin mastery scale, Rotter Locus of Control scale, CES depression scale, body mass index, homeownership, employment status, race, gender, marital status, divorce history, bankruptcy history, 2006 household income, religious service attendance, smoking, health that prevents work, job satisfaction, children and exercise frequency. The criterion variable was the change in self-esteem from 2006 to 1980 utilizing the Rosenberg Self-esteem Scale (RSES). In the first three models, only financial predictors, health status and psychological predictors were utilized; the change in net worth variable was significant, but opposite the hypothesized direction. When the human capital variables of AFQT and education were introduced the net worth variable was not significant and remained that way through model 5. The linear combination of model 5 predictor variables was significantly related to change in self-esteem, $F(22,4344) = 11.24$, $p<.01$. The sample multiple correlation coefficient was .23, indicating that approximately 5% of the variance in change in self-esteem can be accounted for by the linear combination of the predictor variables. The predictor variable of interest, change in net worth, was not significantly related to change in self-esteem, $t=1.28$, $p=.20$.

Table 1.4
OLS Regression Change in Self-esteem 80-06

	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**
	Beta	**Beta**	**Beta**	**Beta**	**Beta**
Financial					
Δ in Net Worth Percentile	-.041**	-.042**	-.038**	-.023	-.019
Log Income 2006	.003	.017	.018	.036**	.042**
Homeowner	.037**	.033*	.024	.030*	.034*
Employed	.029**	.032**	.033**	.034**	.035**
Job Satisfaction	.086***	.085***	.081***	.081***	.078***
Bankruptcy History	.009	.015	.020	.017	.015
Health Status					
Body Mass Index 06		-.021	-.028*	-.036**	-.035**
Exercise Frequency		.033**	.034**	.030**	.036**
Smoking History		.033**	.031**	.021	.031*
Health Prevented Work		.008	.015	.003	-.002
Psychological					
Depression			-.041***	-.041***	-.046***
Rotter Locus of Control			.126***	.119***	.101***
Pearlin Self mastery			.034**	.050***	.041***
Human Capital					
AFQT				-.071***	-.077***
Less than High School				.009	.011
Some College				-.034**	-.022
College Degree				-.007	.000
Graduate School				-.054***	-.049***
Demographic					
Age					-.115***
Marital Status					-.005
Religious Service Attendance					-.005
rced					.018
Race					.005
Children					.006
Female					.017
Adjusted R^2	.009	.011	.028	.038	.050

p<.05, ***p<.01)

Discussion

The factors that are significantly correlated with self-esteem can be grouped together in five main areas: financial, human capital, health status, psychological and demographic. The factors predicted the change in self-esteem over a 26-year time period and explained five percent of the variation in self-esteem.

Financial success is an important part of positive self regard. Job success as measured in terms of income and job satisfaction is shown to be correlated with change in self-esteem. The regression results indicate no significant statistical predictive power of change in net worth with change in self-esteem over a 26-year period of time. Income, however, was statistically related to change in net worth. Homeownership is another indication of financial success. The results suggest as people become established in their careers and communities positive self regard increases. It is possible the comparisons become more homogeneous as people tend to self select into neighborhoods and occupations. Rosenberg (1979) indicates adults who achieve financial success have a higher self-esteem than the economically less successful, but the strength of the relationship depends on how much importance the individual places on wealth accumulation. Therefore, one of the reasons net worth is not a significant predictor of self-esteem could be the subjects surveyed in the study do not place much value on wealth accumulation. This would be consistent with the findings of Diener and Biswas-Diener (2002) and Headey, Muffels, & Wooden (2004), who indicate people in most economically developed societies place a higher value on relationship quality and job satisfaction than money. It is also possible that respondents compare income more frequently than net worth and thus use income as the primary comparison variable when determining their perception of success compared with others. This could be facilitated by the ease at which income comparisons can be made versus the additional information that might be needed to generate a net worth comparison.

It is interesting to note that models 1, 2 and 3 indicate change in net worth to be significantly related to change in self-esteem; only when AFQT is added does this variable lose statistical significance. This suggests that change in net worth captured some of the variance from AFQT and they are statistically correlated. This is consistent with Chatterjee et al. (2009) and Zagorsky (2007) findings that net worth, AFQT and self-esteem are positively correlated.

The study results show a negative correlation between increased levels of education and AFQT and change in global self-esteem. At first this may seem counterintuitive; however, there is a positive bivariate correlation between both education and AFQT and global self-esteem in both the 1980 and 2006 surveys. This suggests respondents may have factored in their academic achievement into their initial global self-esteem scores, therefore, the scores would be higher and not allow for much additional increase over time. Table 1.3 indicates higher initial values for global self-esteem for higher AFQT quintile respondents. A similar explanation exists with educational attainment. A cross tabulation of 1980 global self-esteem scores of respondents who went on to graduate school indicates that 11% of the respondents were already at the highest score for global self-esteem, and another 13% of the respondents were within two points of the highest possible score. On the other hand, respondents who were in the less than high school education category only 4% of those respondents scored between 38 and 40 in the 1980 global self-esteem scale. It is logical that a greater change in global self-esteem would be seen among those with lower levels of educational attainment because they were not as constrained at the top end of the score range.

The study results show a strong correlation between health and self-esteem. Three of the four health related variables included in the model were statistically significant to change in self-esteem. Since self-esteem has been used as a proxy for happiness (Baumeister et al., 2003), the results indicate the healthy are happier. Lower body mass index and exercise frequency are central to feelings of positive regard for self. Indeed, the time and effort needed to maintain these attributes could be viewed as an investment in human capital. This investment yields increased energy, stress management, and a sense of accomplishment in addition to decreased illness.

The study indicated psychological factors influence change in self-esteem. Participants who feel a strong sense of control over their environment as indicated by the Rotter Locus of Control scale, have a greater increase in self-esteem over time. In addition, people who express confidence in their abilities to solve problems as indicated in the Pearlin Self Mastery scale, have a greater increase in self-esteem over time. In addition, this study confirms the findings of Roberts and Monroe (1994) and Trzesniewski et al. (2006) that depression is highly correlated with low self-esteem. These psychological factors indicate the importance of our internal dialogue and thoughts can exert on perceptions of self worth.

The study finds that global self-esteem increases with respondent's age. This is consistent with the findings of Gove et al. (1989); Robins et al. (2002); Trzesniewski et al. (2003); and Twenge and Campbell (2002). Age was shown in Table 1.3 to be a significant factor in global self-esteem change. Those who were under 18 tended to have much lower levels of global self-esteem initially, but increased global self-esteem to the same level as the rest of the respondents by 2006.

Even though these findings are statistically significant, they only explain a small portion (about 5%) of the change in self-esteem of the respondents. A likely explanation for the low amount of predictive power has been posited by psychologists who suggest self-esteem is a relatively stable personality trait. As such we may have a happiness set point (Lykken, 1999; Lykken & Tellegen, 1996) that we revert back to over time. The bivariate correlation between 1980 and 2006 global self-esteem scores was .31. This indicates the best predictor of future global self-esteem was the previous global self-esteem score.

Implications

Financial planners play an important role in the lives of their clients. Being aware of what will help the client increase self-esteem over time and offering self-esteem building suggestions could be used to help establish the planner-client relationship. Life planners take a more holistic approach to financial planning and would be interested to learn what other factors are important to the happiness and self-esteem of a person.

The results of this study suggest people will increase their sense of positive regard by investing in human capital, overcoming depression, active employment and maintaining good health. Financial planners might consider showing income comparisons to their clients to help them understand how their incomes compare with the rest of the nation or world. For example, according to the Global Rich List website (www.globalrichlist.com) a person with $100,000 per year salary ranks in the top .66% of the world. Planners could encourage clients to engage in work that they find satisfying. Significant time is spent in the workplace each week and employment status is a predictor of change in self-esteem. Continued development of human capital is beneficial for the client's sense of self-esteem. Respondents who attended graduate school were more likely to have self-esteem scores between 38 and 40 than those who did not. Finally, planners should encourage clients to protect their health; money will not buy happiness if good health is sacrificed to get it. Maintaining a healthy weight and frequent vigorous exercise are ways to increase energy levels and reduce stress. Self-esteem can be a proxy for happiness. As people are more satisfied with their lives self-esteem scores tend to increase. Therefore, the financial planner relationship can assist clients to invest in those areas of their lives that will increase happiness. This study suggests that happiness does not come from building up large amounts of financial resources, but by investing in human capital, protecting health, and active employment.

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Should I Be Working?

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Key Words: *teens, youth, job preparation, job skills, workforce education*

Target audience
AFCPE attendees who work with teens and young adults, ages 14-19

Objectives/Purpose
- Introduce AFCPE attendees to a new financial literacy educational tool
- Explain and demonstrate the curriculum components
- Facilitate informed decision-making regarding the appropriateness and usefulness of the *Working* series for member use in their respective educational and counseling settings
- Inspire and assist those who wish to add or expand their financial literacy program to include workforce readiness education.

Description
"Should I Be Working?" is the most recent module in the national award-winning *Money Talks for Teens* program from the University of California Cooperative Extension. It is designed to engage and train youth, ages 14-19, in workforce readiness. The module consists of four units:
- *Job Personality*
- *Job Search*
- *On the Job*
- *Making My Own Job.*

The curriculum is flexible, providing teachers and leaders with options for interactive and experiential learning, individual and group work, the use of traditional and new educational approaches, and self-learning and discovery through interactive games. (Learn more about Money Talks at http://moneytalks4teens.org).

Research-based Program
Data from two identical surveys—one in 1998 and another in 2008—found that the likelihood of a teen receiving income from a full or part-time job increased from 26% of the respondents in 1998 to 31% in 2008. And, 25% of the teens in 2008 had income from odd jobs vs. 18% in 1998. Thus, teens are working, making, and spending money. This module was added to the *Money Talks for Teens* series to provide information for the teens as they enter the labor market and to emphasize the importance of tying the work experience to the use of money.

Program Components:
- Four colorful magazine-style teen guides
- Leader's guide with background information for the trainer, three to four lesson plans per guide, additional activities, visuals, handouts, answer keys, assessment tools based on Experiential Learning and Bloom's Taxonomy, learning objectives, discussion questions, and clearly indicated supply lists to make the program easy to implement
- Web site with DVDs, interactive games, frequently asked questions, and links for more information

Program Delivery
The program can be delivered by staff and volunteers in schools, community-based organizations, and nonprofit agencies. It is designed to benefit diverse youth, including pregnant/parenting teens, those in the juvenile justice system, as well as youth in traditional and nontraditional schools and youth organizations.

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Retirement Income Satisfaction of American Retirees and Workers

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Key Words: *retirement income satisfaction, retirees, workers, Survey of Consumer Finances*

Abstract
The retirement income satisfaction (RIS) of retirees and workers was examined using the 2007 Survey of Consumer Finances (SCF). Retirees who were healthier, older, expecting to live longer, and spent equal to or less than income were more likely to have higher RIS. Middle-aged (35 to 54 years), older (55 to 62), and senior workers who saved regularly or had more income were more likely to have higher RIS levels. Older workers with a retired spouse or partner were more likely to have higher RIS. Life expectancy was inversely related to the RIS only of senior workers.

Introduction
While researchers and financial advisors prescribe what the adequate levels of retirement savings should be, it is important to examine consumer perceptions of the adequacy of retirement income at different life cycle stages. Relative satisfaction affects retirement planning which in turn can influence the retirement decision as well as the likelihood of having a financially secure retirement. Consumers are constantly seeking to optimize their relative satisfaction when making economic decisions. There is limited research on subjective measures of the adequacy of retirement income (Malroutu & Xiao, 1995). Most research on retirement satisfaction focuses on satisfaction with the retired lifestyle in general not on RIS. The literature related to retirement financial security mostly focuses on objective measures of retirement preparedness such as whether consumers contribute to retirement plans and how much they have saved for retirement.

To have a comfortable retirement lifestyle without a sudden drop in the level of living that one has become accustomed to during peak earning years, financial advisors recommend that retirement income should be between 70 to 80% of past earnings (Garman & Forgue, 2010). Are current retirees satisfied with their retirement income and what factors affect their retirement income satisfaction? Do current workers expect their retirement income from job pensions, individual retirement accounts, and Social Security benefits to be adequate when they retire? It is important to examine and compare RIS of individuals at different life-cycle stages to see if their perceptions of retirement income security differ and determine what affects their perceptions.

Today there are two phenomena of Social Security as retirement income. First, according to the AARP (former American Association for Retired Persons), Social Security is the largest source of income for 96% of older Americans (AARP, 2009). However, the average retirement benefit is just about 40% of past earnings (AARP, 2009). Second, with the longer life spans and lower fertility rates not to mention the economic and societal toll of the aging babyboomers (born 1946 to 1964), it is a widely speculated that Social Security will likely not be as significant a source of income for younger generations of current workers when they retire. Therefore, current workers must recognize the need for personal responsibility in retirement planning.

The purpose of the study was to compare the RIS of retirees and workers in the 2007 SCF and to investigate the factors that affect satisfaction of retirees with the retirement income they receive or that of current workers and what they expect to receive from job pensions and other retirement accounts. This study will contribute to the gaps in the literature by examining the influence of an objective measure of retirement preparedness such as retirement income from job pensions and individual retirement accounts, work-related factors, demographic factors as well as savings habits and motives, and health status. Another important contribution to the literature is the analysis of relatively new factors to RIS literature. The influence of self-reported life expectancy on RIS has not been investigated. Also the influence of the health status and job status of spouses or partners has received little attention. The evidence could be beneficial to consumers, financial educators, and advisors.

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Conceptual Framework

While the present study focuses on relative consumer satisfaction, we do not seek to solve an optimization problem but rather identify differences and determinants of those differences in RIS levels between workers and retirees at different life cycle stages. The conceptual framework for this study is derived from findings of previous studies of retirement satisfaction, and retirement savings, and the life cycle hypothesis of savings.
Factors analyzed in the literature on retirement satisfaction include the health condition of respondents and their spouses, financial resources, present job status of spouse (e.g., retired or still working), and demographic characteristics (e.g., age, gender, marital status, and education level). Factors analyzed in the literature on retirement savings include homeownership and past spending behavior.

The life cycle hypothesis says that in order smooth or level consumption over the life course, the individual borrows when young while investing in education or human capital, then as they get older they become workers earning regular income and accumulating wealth while repaying debts and saving for retirement (Ando & Modigliani, 1963). Later in life, they retire and start to dissave, living off their retirement savings and accumulated wealth (Ando & Modigliani, 1963). The main assumption of the life cycle hypothesis is the certainty of future income. One drawback is the assumption that an individual begins their financial life cycle with no inheritances and there is nothing left over to bequest (Ando & Modigliani, 1963).

We draw on this framework to justify the importance of examining the RIS of worker and retiree groups as well as their socioeconomic characteristics at different stages of the life course. We examine RIS of young workers (18 to 34 years old), middle-aged workers (35 to 54 years old), older workers (55 to 64 years old), and senior workers who are at least 65 years old. We also examined the influence of the value of cash or liquid assets available for retirement income from job pensions and other retirement accounts, life expectancy, saving habit, and retirement savings motive.

Therefore, we conceptualize that retirement income satisfaction is a function of expected or current retirement income from job pensions and other retirement plans, saving regularly, having a retirement savings motive, spending behavior, the health status of the worker or retiree and of their spouse or partner, life expectancy, the employment status of spouse or partner, homeownership, gender, marital status, age, income, and education.

Literature Review

Retirement Income Satisfaction

Malroutu and Xiao (1995) used the 1989 SCF to investigate which factors affected perceived adequacy of expected retirement income of workers. They examined the perceptions of full time workers who were not older than 65. The dependent variable was based on the question “On a different scale, how would you rate the retirement income you (expect to receive/are receiving) from Social Security and job pensions?” Response choices ranged from zero for totally inadequate to 10 for those who were very satisfied. The dependent variable was coded 1(one) for those who felt retirement income was adequate and 0 (zero) for otherwise. It was not clear how those with neutral responses on the scale, 5, who felt their retirement income was enough to maintain living standards, were treated in the sample. Were they categorized as adequate or satisfied, or otherwise?

The present study examined the original measure of RIS in the SCF. However, in the 2007 SCF, the response scale now ranges from 1 (one) for totally inadequate to five, satisfied, where 3 was the neutral response. We did not recode the responses to this question. We examined the influence of having a retirement savings goal, saving regularly, retirement income assets, spending relative to income, health status of respondents and of their spouses or partners, job status of spouses or partners, homeownership, life expectancy, age, income, gender, married or couple status, and education of respondents.

Malroutu and Xiao (1995) found that younger respondents, whites, those with incomes between $10,000 and $19,999, females, and the self-employed were less likely to perceive their future retirement income to be adequate than otherwise similar households. Marital status, education, health condition, homeownership, being a saver, and having a goal to save for retirement did not impact perceived adequacy of retirement income (Malroutu & Xiao, 1995). We did not include race in our study because we wanted to focus on life cycle characteristics as well as on our new contributions to literature.

Schmitt, White, Coyle, and Rauschemberger (1979) found that better educated individuals were more likely to be satisfied financially in retirement. Schmitt et al. (1979) found that people with employed spouses were less likely to be happy with their financial situation, suggesting that these people may be working because of inadequate retirement income. We wondered if there would be a difference in this result between workers and retirees.

Retirement Satisfaction

Satisfaction is subjective; thus, retirement satisfaction is usually self-reported. Panis (2003), Sundali, Westerman, and Stedham (2008), and Szinovacz and Davey (2005) analyzed retirement satisfaction using data from the Health and Retirement Surveys (HRS). The satisfaction level was measured by the question, "All in all, would you say that your retirement has turned out to be very satisfying (coded 3), somewhat satisfying (coded 2), or not at all satisfying (coded 1)?" Seccombe and Lee (1986) measured satisfaction with retirement with the following questions: (1) "Are you happy that you retired?" and (2) "All things considered, are you more happy now or less happy now than you were before you retired?" None of these questions asked specifically about satisfaction with retirement income.

Factors related to retirement satisfaction include health condition, financial resources, joint or separate retirement timing, and demographic characteristics (e.g., age, marital status, and education). A summary of the main findings and variables of previous research of retirement satisfaction are shown in Table 1.

Table 1
Retirement Satisfaction Literature

Findings	Dependent variable(s)	Independent variable(s)	Study
The most important predictors of retirement satisfaction were (1) quality of relationship and frequency of aid from confidants and relatives; (2) involvement in organizations; (3) health; and (4) financial status.	Retirement satisfaction	Health (+), income (+), age (–), marital status, length of retirement	Dorfman, Kohout, & Heckert (1985)
Husbands who were physiologically relaxed and affectively positive during marital interaction were happier in their subsequent retirements. Wives' retirement satisfaction was not predicted by the emotional qualities of marital interaction.	Husband or wife's retirement satisfaction	Husband 's health (+), wife's health (+), income (+), marital satisfaction	Kupperbusch, Levenson, & Ebling (2003)
Life satisfaction of retired West Virginia agriculture teachers is most positively influenced by satisfactory health, involvement in activities--particularly religious and social activities--and having a spouse. Life satisfaction of retired West Virginia agriculture teachers is most negatively influenced by an increase in years in retirement and age.	Life satisfaction	Health (+), income (+), married (+),age (–), years teaching, years in retirement, number of activities	Odell, Soloninka, Lawrence, & Gartin (1992)
People in better health and with more financial resources tend to be more satisfied. Retirees who can finance more of their consumption in retirement from pension annuities (vs. Social Security and savings) are more satisfied. Retirees with lifelong annuities also tend to maintain their level of satisfaction during retirement, whereas those without tend to become less satisfied over time.	Retirement satisfaction	Health (+), income (+), age (+), married (+), gender, wealth, Social Security reliance, pension annuity ratio, with or with no DB pension receipt and retirement duration, long-term planning	Panis (2003)
Results on satisfaction with finances in retirement show that there is no statistic significant difference in income. Health is quite highly related to financial satisfaction. People with employed spouses are less likely to be happy with their financial situation, suggesting that these people may be working because they are forced by lack of adequate retirement income. Level of education is quite highly related to financial satisfaction.	Retirement financial satisfaction	Health (+),education (+), employed spouse (–), personality, job perceptions, and needs, reasons for retiring work experience, population of the community where they lived, length of time lived in that community, age, sex, job level, race, marital status, the number of dependents the respondent had, and spouse's job status.	Schmitt, White, Coyle, & Rauschenberger (1979)
Retirement is not a categorically different experience for women than for men, particularly as retirement satisfaction seems responsive to the same causes regardless of gender. The lower levels of retirement satisfaction among women appear to be due to their lower incomes in retirement and, to a lesser extent, their lower probabilities of being married.	Retirement satisfaction	Health (+), income (+), married (+), Occupational status	Seccombe & Lee (1986)
Retirees' and spouses' individual and joint reports of retirement satisfaction are related to perceptions of spousal influence on the retirement decision, with effects varying by gender. Those couples most likely to report being satisfied with retirement, individually and jointly, are retired wives and their husbands where wives reported that their husbands were not influential in their retirement decision.	Retirement satisfaction	Health (+), income (+), gender, reasons for retirement, retiree's perception of spousal influence on the retirement decision	Smith & Moen (2004)
A positive correlation exists between retirement satisfaction and the level of household total assets, household total income, the quality of the Self-reported health of the primary respondent and spouse. Retirement satisfaction is higher if anyone in the household reported having a DB pension while working.	Retirement satisfaction	Respondent's health (+), spouse's health (+), income (+), household total assets, household DB plan	Sundali, Westerman, & Stedham (2008)
Retired husbands are least satisfied if their wives remain employed and had more say in decisions prior to the husband's retirement. Retired wives are least satisfied if their husbands remain employed and had more say in decisions prior to the wife's retirement.	Retirement satisfaction	Retirement, spouse's employment or retirement status, final say in marital decisions	Szinovacz & Davey (2005)

Note. (+) means positively related to retirement satisfaction. (–) means negatively related to retirement satisfaction.

Dorfman, Kohout, and Heckert (1985), Odell, Soloninka, Lawrence, and Gartin (1992), Pains (2003), Schmitt, White, Coyle, and Rauschenberger (1979), Seccombe and Lee (1986), and Smith and Moen (2004) all found that health of respondent had a significant positive effect on retirement satisfaction. According to Sundali, Westerman, and Stedham (2008), if the self-reported health of the primary respondent and spouse were better, and the level of worry about having enough income to get by in retirement was lower, respondents felt more satisfied with retirement. Kupperbusch, Levenson, and Ebling (2003) also showed that health status was positively correlated with retirement satisfaction of both husbands and wives.

People with more financial resources (e.g., income, net worth, assets, and wealth) after retirement tended to be more satisfied (Kupperbusch et al., 2003; Panis, 2003; Sundali et al., 2008). Income was found to be positively associated with retirement satisfaction. As income increased, the retirement satisfaction increased (Dorfman et al., 1985; Kupperbusch et al., 2003; Odell et al., 1992; Panis, 2003; Seccombe & Lee, 1986; Smith & Moen, 2004; Sundali et al., 2008).

Compared to those who were not married, married people were more likely to be satisfied with retirement (Odell et al. 1992; Panis, 2003; Seccombe & Lee, 1986). Furthermore, Szinovacz and Davey (2005) found that joint or separate retirement timing influenced retirement satisfaction; retirement was less satisfying when one's spouse remained employed and had more preretirement influence on decision making.

Dorfman et al. (1985) and Odell et al. (1992) found that as age increased, the retirement satisfaction decreased. Could this be because as people get older and approach retirement, they are more aware of retirement needs and are perhaps more nervous about retirement financial security? It could also be that older persons are actually experiencing realities of being retired while younger persons can only fantasize about a laid-back retirement lifestyle. Panis (2003), on the other hand, found that retirement satisfaction increased when age increased.

Retirement Savings

Actually having enough money put aside for retirement is important for RIS. Also, the factors that affect retirement savings behavior may in turn affect RIS. Hence with this in mind, we reviewed previous studies on retirement saving in order to better understand what to expect with respect to the influence of key factors like saving motive and saving habit on RIS.

Control variables which are commonly used in the literature include education, marital status, gender, race, employment status and type, homeownership, and household size. With the exception of race and household size, we used all of these. However, employment status was used to delimit and divide the sample but we also included the employment status of spouses or partners of respondents. We also can argue that these control variables served a dual purpose as being family life cycle variables.

DeVaney and Zhang (2001) examined age and cohort effects on the amounts saved in different retirement plans. Older age groups were more likely to have higher amounts in their retirement accounts (DeVaney & Zhang, 2001). According to Retirement Made Simpler (2009), women were less likely than men to say they felt confident in retirement savings. The median benefit received by newly retired women was half of that received by newly retired men (Pepper Institute on Aging and Public Policy, 2006).

The retirement saving motive was found to significantly increase the likelihood of saving regularly (Fisher & Montalto, 2010). In the retirement saving context, a home can also be an owner's major retirement asset and may affect retirement savings behavior (Lichtenstein, 2010). DeVaney and Chiremba (2005) also found that homeowners had more in retirement savings than renters.

DeVaney and Chiremba (2005) found that the amount in retirement savings was larger for those who saved regularly, those who were married household heads, and those with more education. Those who reported that they spent less than their income had more in retirement savings than those who reported that they spent an amount equal to their income (DeVaney & Chiremba, 2005).

Life Cycle Hypothesis of Savings and Life Cycle Variables

Schuchardt, Bagwell, Bailey, DeVaney, Grable, Leech, Lown, Sharpe, and Xiao (2007) tested the life cycle hypothesis and found that many retired individuals continue to save and plan to transfer their remaining wealth to the next generation or to philanthropic causes or organizations. Xiao (1996) used family life cycle variables other than age as independent variables to predict ownership of 11 types of financial assets. Family life cycle variables included age, marital status, employment or retirement status, and presence of children in different age groups.

As expected of the life cycle hypothesis, compared to middle-aged group (35 to 54 years old), younger households (18 to 34 years) were less likely to own retirement accounts and older families (55 to 62 years) were more likely to own them (Xiao, 1996). Marriage also increased the likelihood of owning retirement accounts. In our study, we used life cycle variables to delimit our sample and to split workers into age groups similar to those used by Xiao (1996). We also included some as independent variables: age, marital status, employment status of respondents and their spouses or partners.

Hypotheses

Based on the conceptual framework and review of literature, the following hypotheses are proposed.

H1: Retirees and workers whose saving motives include saving for retirement are more likely to be satisfied with retirement income.
H2: Retirees and workers who save regularly are more likely to be satisfied with retirement income.
H3: Retirees and workers who have more in retirement accounts are more likely to be satisfied with the retirement income they receive or expect to receive.
H4: Compared to those whose spending was less than income over the past year, retirees and workers whose spending exceeded or equaled income are less likely to be satisfied with retirement income.
H5: Retirees and workers who are healthier are more likely to be satisfied with retirement income.
H6: Retirees and workers whose spouses or partners are healthier are more likely to be satisfied with retirement income.
H7: Retirees and workers who have longer life expectancy are less likely to be satisfied with retirement income.
H8: Retirees with a retired spouse are more likely to be satisfied with retirement income while workers with a retired spouse are less likely to be satisfied with retirement income.
H9: Retirees and workers who are homeowners are more likely to be satisfied with retirement income.
H10: Male retirees and workers are more likely to be satisfied with retirement income.
H11: Retirees and workers who are married or living with partners are more likely to be satisfied with retirement income.
H12: Older retirees and workers are more likely to be satisfied with retirement income.
H13: Retirees and workers who have higher income are more likely to be satisfied with retirement income.
H14: Retirees and workers who are better educated are more likely to be satisfied with retirement income.

Methodology

Data and Sample

The data for this study comes from the 2007 Survey of Consumers Finances (SCF). Data for the SCF are collected by National Organization for Research at the University of Chicago (NORC). Data collected is based on the "primary economic unit" (PEU) which is an economically dominant single individual or couple (married or cohabiting) in a household with other individuals in the household who are financially interdependent with PEU (Board of Governors of the Federal Reserve System, 2009).

The 2007 SCF is based on a dual-frame sample design. One set of the survey cases was selected from a standard multi-stage area-probability design; the other set of the survey cases was selected from a list sample from statistical records (the Individual Research Tax File) derived from tax data by the Statistics of Income Division of the Internal Revenue Service (Kennickell, 2009). The completed interviews in the 2007 SCF represent 4,522 households. In order to correct for missing data, multiple imputations were performed resulting in five implicates of the public dataset.

The sample was delimited to only include retirees and workers. Retirees mean those who responded that their present job status was retired; workers said they were presently working. During sample delimitation, we realized there were 595 respondents who said they were retired but working. We decided to exclude these in the present study. The survey question allowed for multiple responses. The final samples consisted of 888 retirees and 3,231 workers. Workers were analyzed separately in four age groups similar to those used by Xiao (1996)—young (18 to 34 years), middle (35 to 54 years), older (55 to 62 years), and senior (older than 62 years).

We used all five implicates in the Repeated Imputation Inference (RII) method to estimate weighted descriptive means of the continuous variables and ordinary linear regression models estimated separately on the retiree and worker samples. The regressions were not weighted. Detailed descriptions of the RII scalar estimation method and RII regression method are provided in Montalto and Sung (1996).

Dependent Variable
One dependent variable measuring the retirement income satisfaction level was used in this study. In the SCF 2007, the satisfaction level was measured by the question, "Using any number from 1 to 5, where one equals totally inadequate and five equals very satisfactory, how would you rate the retirement income you (receive or expect to receive) from Social Security and job pensions? Include 401(K) accounts and all other types of pensions."

Independent Variables
The coding of variables is shown in Table 2. The independent variables represented saving behavior, self-reported health condition and life expectancy, job status of spouse, homeownership, and demographic or life cycle factors. Saving behavior included retirement savings, save regularly, and spending relative to income over the past year. Retirement savings included amounts in individual retirement accounts (IRA), Keogh, thrift accounts, future pensions and currently received benefits.

Table 2
Measurement and Weighted Descriptive Statistics

Variable	Coding	Retirees (N = 881)	Workers (N = 3,231)
		Mean (SD) or Frequency %	Mean (SD) or Frequency %
Dependent variable			
Retirement Income Satisfaction	1 = totally inadequate to 5= very satisfactory	2.87 (0.002)*	2.52 (0.19)*
Independent variables:			
Save regularly	1 = yes, 0=otherwise	33.08	47.87
Saving motive for retirement	1 = yes, 0=otherwise	28.21	53.07
Spending:			
exceeded income	1 = yes, 0=otherwise	14.32	18.82
equaled to income	1 = yes, 0=otherwise	37.94	34.98
was less than income	1 = yes, 0=otherwise	47.74	46.20
Health of respondent	1= poor to 4=excellent	2.32 (0.89)	1.86 (0.70)
Health of spouse or partner	1= poor to 4=excellent	1.11 (1.29)	1.19 (1.06)
Retired Spouse	1 = yes, 0=otherwise	26.47	2.55
Life expectancy	Continuous	86.67 (10.12)	82.14 (11.80)
Homeowners	1 = yes, 0=otherwise	72.82	63.25
Age	Continuous	72.96 (9.95)	43.74 (12.68)
Income ($1,000s)	Continuous	65(30)	97 (39.14)
Retirement savings ($1,000s)	Continuous	92.70 (34.76)	87.10 (31.02)
Education	Continuous	12.57 (3.06)	13.69 (2.59)
Male	1 = yes, 0=otherwise	64.14	78.4
Couple	1 = yes, 0=otherwise	51.36	65.72

Note. *significant t-test.

"Which of the following statements on this page comes closest to describing you and your (husband, wife or partner)'s saving habits?" For those who said they "Save regularly by putting money aside each month," saving regularly was coded 1 and 0 for otherwise. Spending relative to income over the past year was measured by "Over the past year, would you say that your (family's) spending exceeded your (family's) income, that it was about the same as your income, or that you spent less than your income?" Three dummy variables were measured by spending exceeded income, spending equaled to income, and spending was less than income.

The self-reported health condition of respondents and spouses or partners were measured by two questions, "Would you say your health is excellent, good, fair, or poor?" and "Would you say your (husband, wife or partner)'s health is excellent, good, fair, or poor?" The original coding where 1 was excellent and 4 was poor was reverse coded so a higher number reflected better health. Dummy variables were used for the retired status of spouse or partner, homeownership, and those who were married or cohabiting. For easier interpretation, income and retirement savings were divided by 1,000.

Results

Descriptive Statistics

The weighted descriptive statistics are reported in Table 2. On a scale of 1 for totally inadequate to 5 for very satisfied, the average RIS level of retirees was 2.87 and that of all workers together was 2.52. A t-test comparison of these means was statistically significant suggesting that retirees were more satisfied with their current retirement income than workers with what they expected to receive.

Over one-third of retirees saved regularly and only 28.21% had a retirement savings motive. Almost 48% of workers save regularly and slightly over half saved for retirement. Less than half of retirees and workers reported that their spending was less than income over the past year before the survey.

Retirees reported better health on average than workers but, on average, both groups reported poorer health status of their spouses or partners. Twenty-six percent of retirees had retired spouses or partners while only 2.55% of all workers had retired spouses or partners. The average life expectancy was 86.67 years for retirees and 82.14 years for workers.

The majority both retirees and workers were homeowners. The average age was 72.96 years for retirees, 43.74 years for workers. The average income was $65,000 for retirees, $97,000 for workers. The retirees had a mean of $92,700 saved in retirement accounts; workers had $87,100. On average, current workers were slightly better educated with 13.69 years of education while retirees had 12.57 years. About 64% of retirees and 78.4% of workers were males. Over half of retirees and 65.72% of workers were married or living with partner.

Results of Ordinary Least Squares Regressions for RIS of Retirees

The factors that influenced the RIS of retirees were spending relative to income, health status of respondents, life expectancy, and age (see Table 3). As expected, compared to those who spent more than income over the past year, those whose spending equaled or was less than income were 50% and 96% more likely, respectively to have higher RIS levels. Self-reported health condition of respondents influenced the RIS of retirees as expected. Life expectancy did influence RIS of retirees. With every year increase in life expectancy, RIS decreased by 0.01. Therefore, only hypotheses H4, H5, H7, and H12 were supported for retirees.

Table 3

OLS Regression Results of Retirement Income Satisfaction of Retirees in the 2007 SCF (N = 888)

Variable	Parameter estimate	P-value	Odds ratio
Saving motive for retirement	-0.067	0.509	0.94
Save regularly	0.121	0.231	1.13
Retirement savings	0.000	0.460	1.00
Spending: exceeded income (reference group)			
equaled to income	0.408	0.007 **	1.50
was less than income	0.671	0.000 ***	1.96
Respondent's health	0.179	0.003 **	1.20
Spouse/partner's health	-0.148	0.304	0.86
Retired spouse: (working or otherwise reference group)	0.129	0.276	1.14
Life expectancy	-0.012	0.037 *	0.99
Homeowner	0.168	0.290	1.18
Age	0.019	0.001 ***	1.02
Income	0.000	0.958	1.00
Male	0.095	0.838	1.10
Couple	-0.270	0.076	0.76
Education	0.033	0.055	1.03

Note. *p<.05; ** p<.01; *** p<.001.

Among the factors that did not significantly influence the RIS of retirees, it is important to take note that having a saving motive for retirement, saving regularly, and the total amount of retirement savings, and the work status of spouses or partners were not important.

Results of Ordinary Least Squares Regressions for RIS of Workers
The results of the OLS regressions for the young and middle-aged workers are reported in Table 4. Surprisingly, none of the factors analyzed were significant predictors of RIS in young workers. For middle-aged workers, saving regularly, spending behavior, and income were the only significant factors affecting RIS.

Table 4
OLS Regression Results of Retirement Income Satisfaction of Young and Middle-Aged Workers in the 2007 SCF

Variable	Young (N = 594) 18 to 34 years			Middle-aged (N = 1,619) 35 to 54 years			
	Parameter estimate	P-value	Odds ratio	Parameter estimate	P-value		Odds ratio
Saving motive for retirement	0.026	0.824	1.03	0.004	0.951		1.00
Save regularly	0.148	0.179	1.16	0.351	0.000	***	1.42
Retirement savings	0.005	0.717	1.00	0.000	0.308		1.00
Spending: exceeded income (reference group)							
equaled to income	0.029	0.841	1.03	0.201	0.027	*	1.22
was less than income	0.211	0.165	1.24	0.374	0.000	***	1.45
Respondent’s health	0.108	0.172	1.11	0.019	0.689		1.02
Spouse/partner’s health	0.029	0.885	1.03	-0.157	0.160		0.85
Retired spouse†	-	-	-	0.494	0.124		1.64
(working or otherwise reference group)							
Life expectancy	-0.001	0.752	1.00	0.002	0.484		1.00
Homeowner	0.119	0.484	1.13	0.140	0.223		1.15
Age	-0.008	0.580	0.99	0.001	0.822		1.00
Income	-0.004	0.317	1.00	0.000	0.002	**	1.00
Male	-0.278	0.533	0.76	-0.385	0.326		0.68
Couple	0.008	0.950	1.01	0.002	0.981		1.00
Education	0.034	0.149	1.03	-0.010	0.453		0.99

Note. † No retired spouses in young worker sample. *p<.05; ** p<.01; *** p<.001.

Middle-aged workers who saved regularly were 42% more likely to have a higher RIS than those who did not. Therefore, H2 was partially supported. Compared to those whose spending exceeded income over the past year, those whose spending equaled or was less than income were 22% and 45% more likely, respectively, to have higher RIS levels and therefore be satisfied with expected retirement income. Middle-aged workers with higher income had higher RIS levels.

Spending relative to income, having a retired spouse, and income were the only factors that influenced the RIS of older workers (see Table 5). Compared to those whose spending exceeded income over the past year, those whose spending equaled income were 49% more likely to have higher RIS. Older workers with a retired spouse were 66% more likely to have higher RIS levels than those whose spouse was working or otherwise. Older workers with higher income had higher RIS levels.

Table 5
OLS Regression Results of Retirement Income Satisfaction of Older and Senior Workers in the 2007 SCF

Variable	Older (N = 598) 55 to 62 years				Senior (N = 420) Older than 62 years			
	Parameter estimate	P-value		Odds ratio	Parameter estimate	P-value		Odds ratio
Saving motive for retirement	0.011	0.928		1.01	-0.273	0.070		0.76
Save regularly	0.227	0.056		1.26	0.500	0.001	***	1.65
Retirement savings	0.001	0.260		1.00	0.000	0.115		1.00
Spending: exceeded income (reference group)								
equaled to income	0.396	0.048	*	1.49	0.394	0.169		1.48
was less than income	0.197	0.282		1.22	0.413	0.107		1.51
Respondent's health	0.077	0.405		1.08	0.054	0.636		1.06
Spouse/partner's health	-0.030	0.881		0.97	-0.044	0.843		0.96
Retired spouse	0.510	0.024	*	1.66	0.101	0.623		1.11
(working or otherwise reference group)								
Life expectancy	-0.003	0.667		1.00	-0.028	0.008	**	0.97
Homeowner	0.168	0.486		1.18	-0.085	0.798		0.92
Age	-0.017	0.478		0.98	0.005	0.725		1.00
Income	0.000	0.018	*	1.00	0.000	0.042	*	1.00
Male	0.616	0.524		1.85	0.125	0.885		1.13
Couple	0.355	0.095		1.43	0.128	0.690		1.14
Education	-0.021	0.415		0.98	0.010	0.733		1.01

Note. *p<.05; ** p<.01; *** p<.001.

For senior workers, regular saving, life expectancy, and income were the significant factors influencing RIS. Life expectancy was negatively related to RIS. For each addition year of life expectancy, the RIS of senior workers decreased by 0.03 on the 1 to 5 scale.

There was no support at all for both retirees and workers for hypotheses H1, H3, H6, H9, H10, H11, and H14. This means that a retirement savings motive, total retirement savings, the health status of spouses or partners, homeownership, gender, marital status, and education level did not affect the RIS of retirees and workers. H2 was only partially supported for workers; H4 was supported in both retired and two of the worker groups. H5 was only true for retirees and H7 was true for retirees and senior workers. H8 was only partially supported in the older worker sample. H12 was true for retirees while H13 was true for all the workers except young workers.

Conclusions and Implications

Retirees who were healthier, older, expecting to live longer, and whose spending equaled to or was less than income were more likely to have higher RIS. None of the variables examined came even close to predicting the RIS of the younger workers. Perhaps they are too young and inexperienced to even think about retirement. But consumers must understand the importance of setting retirement savings goals, establishing good savings habits, and starting to save for retirement early in life. It is important for younger workers to understand time value of money and further starting saving and investing significant amounts for retirement early. For example, a 25-year old twin who starts saving early in her twenties by putting money aside each year for 10 years and then stops will be more financially prepared at 65 for retirement than her sister who starts saving 10 years later than her sister and invests the same amount annually for 30 years (Garman & Forgue, 2009). Our study provides more evidence for the need to stress goal setting and planning for retirement for young adults. Often they are oblivious to their retirement needs most likely because they think they have ample time before they have to start planning and contributing seriously.

Saving habit or being a regular saver did not influence the RIS of retirees or younger workers. This, in part, supports the life cycle hypothesis. According to the life cycle hypothesis, retired persons are not savers but dissavers (Ando & Modigliani, 1963). Surprisingly, it didn't matter for workers aged 55 to 62 years. It could be that these workers are focused on saving for retirement through retirement accounts than for other needs though the retirement saving motive was not significant. Financial and educators need to stress to workers of all ages the importance of regular saving while they earning an income.

According to Jorgensen (2009), although 94% of college students turn to parents to ask for financial advice, financial knowledge scores show that they are not savvy consumers. Good saving and spending habits can be socially influenced and passed on from generation to generation. Educators need to deliver simple but effective tools in financial literacy programs. They must also incorporate the use of technology and media channels most accessed by younger generations. Financial institutions and employers offer services that encourage automatic saving. For example, payroll deductions and cash match programs and Bank of America's Keep The Change Program. Consumers should take advantage of these 'pay yourself first' programs but be active in managing their accounts.

The lack of statistical support for the influence of the amount in retirement accounts on RIS for both retirees and workers was surprising especially for near retirees and retirees. It could be that having a retirement plan would be more influential than the value of the plans. Financial planners and educators should use the results of this study and examples of the shock waves of stock market crashes of the 2007 recession to stress to consumers the importance of staying actively involved with their retirement accounts and being vigilant about portfolio allocations and managing risk to match where they are in their life stage.

Income did not influence the RIS of retirees. This can be explained by the fact that retirees no longer receive a regular paycheck, income influenced RIS of all workers except the youngest who according to the life cycle hypothesis may not be earning a lot of income to save significantly for retirement as they focus on immediate needs. Spending relative to income is habitual. Spending less than income can be interpreted as saving. Overspending can affect the ability to save and therefore, affect accumulation of adequate retirement income.

The results for life expectancy also show that maybe consumers recognize the financial implications of a longer life when it's almost too late—when they are approaching retirement age. Longer retirement life expectancy increases the need to accumulate greater retirement savings (Dalton, 2009). The retirement status of spouses or partners only affects the RIS of older workers—those with retired spouses were more likely to be satisfied. This contradicted what Schmitt et al. (1979) found. It appears the spouse or partner's retirement timing occurs just as the worker himself nears retirement age. Joint planning is essential for dual income households and must be recommended by financial planners not only for retirement saving but retirement spending and lifestyle.

Consumers need to start saving early and need to be educated and reminded that population aging means a longer retirement and therefore a need for more retirement income resources. Consumers who have better knowledge about the availability of Social Security for their cohort and the benefits of alternative retirement planning strategies will have more realistic expectations and perceived adequacy of retirement income. Consumers are personally responsible to ensure that financial resources in retirement are adequate to maintain their desired standard of living. They must be encouraged to contribute the maximum allowable for qualified retirement plans at different life stages. Government policies for Social Security, Medicare and Medicaid benefits must be constantly reviewed for different cohorts to give consumers and advisors relevant information to better estimate retirement needs and expected benefits.

Limitations and Future Research

The present study was cross-sectional. Longitudinal analyses could provide a more comprehensive understanding of RIS and changes in RIS during the life course. The sample only included retirees and workers. There is a need to examine the RIS of other groups such as adult students, the disabled, and unemployed. In-depth studies are needed to understand the motivations and RIS of retired-working people, a phenomenon that could be symptomatic of population aging and retirement income inadequacy.

Future studies can examine the role of expected inheritances, type of retirement plans held, i.e. defined contributions or defined benefit, equity in a home, and how long a spouse will work. There is a need to further explore the relationship between retirement saving motive, behavior, and outcome.

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Learning Styles and Multiple Intelligences

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Key Words: *learning styles, multiple intelligences, financial teaching strategies, teaching techniques/methods*

Target Audience
Individuals involved in teaching financial literacy, and interested in providing education through a variety of teaching styles and activities, to meet student needs and learning preferences.

Objectives/Purpose
The purpose of this workshop is to assist participants in the identification of learning styles and multiple intelligences of learners. Participants will access appropriate activities to meet the different student learning styles and multiple intelligences. In addition, participants will explore teaching strategies and applications for teaching financial education.

Description
Learners are not the same. Every individual is unique in how they comprehend information. People learn in their own way through using combinations of various learning styles, including: visual, auditory, kinesthetic and reading/writing. Multiple intelligences may be combined with learning styles, in order to reinforce learner strengths and help them to experience academic success. According to Jump Start Best Practices for Personal Finance, educational materials should appeal to contemporary student interests, and lesson plans and activities should address a variety of learning styles. By incorporating learning styles and multiple intelligences with a variety of activities, educators can create learning environments which nurture, motivate, and compliment student learning.

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Resistance Is Futile: Financial Education Momentum Building

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Key Words: *coalitions, partnerships, collaboration, teamwork, cooperation*

Target Audience
Financial educators and counselors, facilitators and developers of personal finance presentations and materials, and personal finance program administrators will benefit the most from this session. Independent practitioners and small organizations will particularly benefit from synergistic networking ideas and resources they will be able to implement in their courses, counseling and other services.

Objectives/Purpose
The specific learning objectives of this presentation are: 1) to help practitioners take home a list of 5 or more community contacts that they had not considered working with before in order to facilitate collaboration, 2) to train the practitioners to effectively approach any organization, avert "the brush off," and commit the decision maker to getting involved in their financial education efforts, and 3) to teach the practitioners 5 ways to get involved in coalition building within 5 days of returning home from the conference.

Description
Long gone are the days when financial educators had to do everything on their own: develop, produce, market and facilitate their own programs. At least, those days SHOULD be gone. "Going it alone" in financial education is not only unnecessary, it's also a hindrance to our shared goal of a financially literate population.

The co-presenters of "Resistance Is Futile" will share real life tips and suggestions for working within small town and large city communities to build relationships and associations that promote financial education with a self-sustaining energy. Attendees will also be able to brainstorm and exchange ideas that have worked for them.
This presentation will include 1) a discussion of how the "going it alone" attitude hampers the financial literacy movement, 2) instruction on how practitioners can identify local resources (human, organizational, etc.) to enlist in the financial literacy cause, 3) training on how a practitioner can create, write and share a compelling story to persuade, motivate and reason with decision makers, 4) practice on how to commit important community members to involvement, and 5) the creation of a list of potential community contacts that practitioners may choose to get involved with.

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Motivating Money Management

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Key Words: *motivation, attitudes, financial literacy, self-development, life-skills, behavioral economics*

Target Audience

Women of all ages (1) who want to take control of their money, (2) would benefit from a daily reminder to stay motivated and take small steps and (3) may be inspired by words but turned off by numbers.

Objectives

1. Discuss the relevance of including a daily motivational component with money management programs.
2. Summarize a 60-day pilot program with a YWCA to motivate women to be more mindful of their money.
3. Present an activity which can be used in financial literacy, self-development and life-skills classes to help women (a) make more intentional spending and saving decisions; (b) appreciate that small choices made every day can make a big difference; and (c) feel more in control of one's finances by recognizing that our attitude, way we communicate and our approach to life, work and relationships impact our bottom line.

Description

Excellent strategies like tracking expenditures are doomed to failure for women who are turned off by numbers, hate details, abhor record keeping, and subconsciously rebel against tight structures dictating what they "should" do. The same women may be inspired by motivational quotes, identify with stories that touch them and be willing to try one simple money-saving idea. The intent of the pilot study and the activity we will do is to reach the women who march to the beat of a more personal drummer and motivate them to stick to managing their money more effectively.

Because women more often do household shopping, shop as a social activity and shop as an emotional outlet, they have more opportunities to make many seemingly unimportant spending decisions without giving them a second thought. Those little decisions can add up and have significant financial consequences. To spend more intentionally, they need to be routinely motivated to become aware of their behavior, catch themselves and then substitute a new behavior. One may think that achieving freedom from debt, having lifestyle choices or attaining financial security would be motivating enough, but frequently it isn't. For example, Pricilla (34) unintentionally sabotaged her plan to afford health insurance one impulsive purchase after another. Why? There was a strong emotional component. It was easy to forget the long-term goal of healthcare when buying things for her children because that simple act gave her the immediate (albeit fleeting) subconscious payoff of feeling successful, powerful and happy.

Priscilla is not alone in using money to respond to emotional needs. Brain research clearly shows that even when the subject is sure a decision has been made based on logical, factual information, it is more often the emotional area of the brain which is active, not the analytical area. Likewise behavioral economists' research repeatedly prove that emotional influences cause individuals to make decisions in spite of compelling factual information that would lead to a difference choice. Therapists often equate emotional spending as a way to provide comfort, feel more alive, feel more in control and vent emotions that feel too threatening for direct expression. Emotional spending is also used to fill an emotional void and is associated as a behavioral pattern to avoid uncomfortable or painful stressors in intimate relationships. Therefore, for many women, like Priscilla the emotional payoff of being able to treat her children is much more motivating and fulfilling at the moment of choice than the long-term goal.

How can we help women like Priscilla overcome the disconnect between what they say they want to do (decrease spending/increase saving) and what they continue to do out of habit or emotional need even when they have the skills? The pilot study and the activity to be presented build on the concepts of addictive behavior treatment where daily positive support is available. In this case it will be positive, supportive, motivational thoughts combined with simple practical tips to help a person stay on track to reach their goals. The initial results of the pilot study indicate that adding this motivational, emotional component to a financial education program could increase participants' awareness of their spending and lead to effective changes in their behavior.

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Financial Literacy for College Students

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Key Words: *college students, financial literacy, programming, peer educators*

Target Audience

The target audiences for this ongoing program are present and future University of Nebraska-Lincoln students and their parents.

Objectives/Purpose

Concerns about university student financial literacy, behaviors, and attitudes have been documented in numerous studies including at least six presentations directly related to university students and financial literacy in the 2009 AFCPE Conference Proceedings. Based on this concern, the purpose of the University of Nebraska Student Money Management Program is to help students adopt more effective financial attitudes, behaviors, and decisions contributing to higher student retention and graduation rates and lower total student debt at graduation.

Description

Many on-campus student financial literacy programs evolved from the efforts of faculty and administrators with support from university governing boards and state legislators. The origin of the Student Money Management Program at the University of Nebraska-Lincoln is different. Initially proposed by extension faculty in 1996, the program came to be only after student government leaders were involved as primary initiators and continuing co-leaders instead of just as the intended audience for a program defined and lead by faculty or administration.

In 2008, the successful candidate for President of the Association of University of Nebraska Students at the University of Nebraska-Lincoln included student financial literacy in her election platform. After her successful election, extension faculty approached the new student leader and the Vice Chancellor for Student Services, administrative link to student government on campus. A group of interested students, faculty, staff and administrators discussed ideas, concerns, and resources for 18 months before a student financial literacy program on campus was piloted. The success of the pilot and initial funding from proceeds of the Pepsi contract on campus lead to the hiring of a full-time program coordinator for the new Student Money Management Center.

The key to this program continues to be its direction through an active collaboration of students, faculty, staff, and administration. This session will focus on the successes and challenges of the program's partnership, intensive marketing, web-based education, on-campus workshops and events, and peer-to-peer mentoring and programming by student volunteers and paid staff. Future program directions will emphasize how the program plans to continue to be student-centered and student-guided.

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Financial Distress and Health of Turkish Families

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Key Words: *financial behavior, financial distress, health status*

Abstract
The purpose of this study is to explore the relationship between financial distress, health, and financial behaviors among Turkish families, controlling for socioeconomic characteristics, financial discussion with parents, negative financial events, and risk tolerance. Data were collected through a systematic sample in the neighborhood of Dr. Halil Ulgen Health Center (Mamak-Ankara-Turkey, N = 600) in summer 2009. Bivariate results showed significant differences in financial distress levels by socioeconomic factors and financial behaviors. In addition, regression analysis showed that saving and self-reported health status was significantly related to financial distress when controlling for other factors.

Introduction
Financial distress has been described as judgments about and responses to one's financial condition (Prawitz et al., 2006). Financial distress is a subjective phenomenon. Two individuals with the same levels of income and economic resources may have different levels of perceived financial distress. Financial distress can last a short time, or it can become a persistent state for families at all income levels (O'Neill et al., 2006). Financial stress is perceived to be one of the most important sources of psycho-social stress because so many of the basic activities of daily life are associated with personal financial resources and their management (Bailey, Woodiel, Turner, & Young, 1998). Kim and Garman (2003) characterized financial stress as the subjective assessment of one's financial condition, including one's perceived ability to meet expenses, satisfaction with one's financial condition, one's level of savings and investment, and worry about debt.

A person's economic condition, financial knowledge, and financial behaviors can be assumed to be related to financial stress levels. Specifically, those who have acceptable financial ratios, more knowledge, and better behaviors tend to be less stressed with their financial situation. Financial behaviors can also be affected by demographic characteristics, financial stressors, financial knowledge, and risk tolerance (Joo & Grable, 2004). Financial distress is different from negative financial events, sometimes referred to as negative stressor events. Occurrence of negative financial events can contribute to financial distress. Financially distressed consumers often report no or low savings and high household debt (O'Neill et al., 2006). Financial distress can result in or result from poor health, or both. Distress and worry about the family's financial situation may also contribute to negative health outcomes and losses beyond the boundaries of the family system. For example, limited finances have been known to negatively affect health (e.g., overdue medical debt resulting in delayed or inadequate treatment and anxiety), but one's health may have negatively affected one's financial state (Prawitz et al., 2006).

Stress can cause numerous deleterious changes in health. Stress appears to accelerate the aging process by shortening the lifespan of cells, thereby opening the door to disease (O'Neill et al., 2006). The effects of stress caused by financial events can be detrimental to individuals' mental and physical health (O'Neill, Sohaindo, Xio, & Garman, 2005a, 2005b, 2005c). Personal finances can negatively affect health because overdue medical debt can result in delayed or inadequate treatment and resulting anxiety. Personal finances can also be negatively affected by health as when increased medical expenses result in lower life time asset accumulation and a poor credit history from unpaid medical bills. There are a number of health effects of poor financial behaviors such as overspending and unpaid debts (Drenteo & Lavrakas, 2000; O'Neill et al., 2005b).

Health and personal finance issues, individually and in combination with each other, affect millions of households (O'Neill et al., 2005b; Pearlin, Menagahn, Lieberman, & Mullan, 1981). Researchers examining health in relationship to one's level of financial distress and worry about financial matters have found connections (Kim, Garman, & Sorhaindo, 2003; O'Neill et al., 2005a, 2005b). Poor health is likely to affect an individual's capacity to

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earn income and/or accumulate assets due to a limited ability to work and/or rising medical expenditures. The end result may be even greater financial strain and/or more serious health problems. Thus, the widening disparity in health is likely contributing to household financial problems, and in turn, to the growing gap in income and wealth inequality (Lyons & Yilmazer, 2004).

Previous research (Drentea & Lavrakas, 2000; O'Neill, 2005b) generally supported relationships between personal finances and health, especially among samples of financially distressed populations. The purpose of the current study was to explore the relationships between financial distress and health and financial behavior of Turkish families after controlling for socioeconomic characteristics and other factors.

Literature Review

Researchers have established that a relationship exists between health and levels of stress. Researchers also indicate that positive financial behaviors should improve financial well-being (Drentea & Lavrakas, 2000; Kim & Garman, 2003; Kim et al., 2003; O'Neill et al., 2005a, 2005b, 2005c; Shim, Xiao, Barber, & Lyons, 2009; Xiao, Sorhaindo, & Garman, 2006; Xiao, Tang, & Shim, 2009). For example, Drentea and Lavrakas (2000) provided evidence of a link between financial stress, specifically credit card debt and stress reporting debt, and mental, as well as physical health. They found that individuals reporting higher levels of financial stress had higher levels of illness and physical impairment than others with lower financial stress. Bagwell and Kim (2003) stated that poorer health led to increased financial stress.

Kim, Garman et al. (2003) indicated that financial well-being was associated with health. Additionally, financial well-being was a partial function of financial behavior and financial stressor events. They found that those who had high levels of financial well-being and experienced fewer financial stressor events had better health than others. They also defined negative stressor events as incidents that had the capability of causing change, specifically to the level of financial stress experienced by an individual. Such events might include negative occurrences such as paying bills late or receiving unwanted contacts from creditors.

Joo and Grable (2004) determined that financial well-being is related, both directly and indirectly, with diverse factors including financial behaviors and financial stress levels. Lyons and Yilmazer (2004) used data from the 1995, 1998, and 2001 survey of consumer finances to examine the effect of financial strain on health status controlling for the fact that financial distress can be both a cause and consequence of poor health. Results from models for three different measures of financial strain indicated that poor health significantly increased the probability of financial strain, but found little evidence that financial strain contributed to poor health. O'Neill et al. (2005a) studied the negative health effects of financial distress. They found that health was affected by financial problems; almost half of the survey respondents reported that their personal finances affected their health. O'Neill et al. (2005b) found positive associations between self-reported health status and health status improvements, on the one hand, and indicators of financial well-being and positive financial behaviors on the other. There was a positive association between perceived health status and level of financial stress. O'Neill et al. (2005c) found positive associations between aspects of health and finances. Previous research also indicates that individual characteristics such as gender, education, and marital status are correlated with financial distress (Joo & Grable, 2004). For example, Porter and Garman (1993) concluded that personal characteristics such as marital status were significant predictors of financial distress or well-being.

Research Questions and Hypotheses

The preceding discussion has pointed out that financial behavior is related to financial distress. Increased financial distress may result from the limited use of certain financial management behaviors believed to be important by experts (Porter & Garman, 1993). This study will explore this relationship further, allowing for the relationship of financial behaviors (budgeting and saving) and health status on financial distress to vary with socioeconomic characteristics, whether finances were discussed with parents, negative financial events and risk tolerance.

We approached this exploratory study with several guiding research objectives: (1) to determine the level of financial distress of Turkish families; (2) to characterize levels of financial distress among Turkish families by socioeconomic characteristics and financial behavior; (3) to determine whether negative financial behaviors are associated with financial distress when controlling for socioeconomic characteristics, whether finance was discussed with parents, negative financial events, and risk tolerance; (4) to determine whether self-reported health status is related to financial distress when controlling for socioeconomic characteristics, whether finance was discussed with parents, negative financial events, risk tolerance, and financial behaviors. Individual's financial distress can be either objective or subjective (Joo, 2008). In the present study, to measure financial distress we used subjective distress.

Hypotheses

Previous research, generally based on highly industrialized countries (Bagwell & Kim, 2003; Drentea & Lavrakas, 2000; Kim, Garman, et al., 2003; Kim, Sorhaindo, et al., 2003; O'Neill et al., 2005a), has supported relationships between personal finances and health, especially among samples of financially distressed populations. However, there has been less attention to developing countries. This study extended previous research by examining the health of Turkish families in conjunction with both financial distress and changes in financial practices. Based on previous research, the following hypotheses were formulated:

1. Turkish families' financial distress scores would differ by their socioeconomic characteristics such as gender, age, marital and work status, education level, and income.
2. There would be a difference between financial distress scores of Turkish families who were budgeting and saving, and those who were not budgeting and saving.
3. Turkish families' financial distress scores would differ by their self-reported health status.
4. There will be a relationship between financial behaviors and financial distress when controlling for socioeconomic characteristics, whether finance was discussed with parents, negative financial events, and risk tolerance.
5. Self-reported health status will be positively associated with higher scores on the IFDFW scale (indicating lower financial distress and higher financial well-being) when controlling for socioeconomic characteristics, discussed finance with parents, negative financial events, risk tolerance, and financial behaviors.

Method

Data and Sample

The present research was designed in order to explore saving behavior of Turkish families in Ankara, Turkey. The research sample was comprised of 600 people living in the neighborhood of Dr. Halil Ulgen Health Center (Mamak-Ankara, Turkey). Participants were selected via a systematic sampling method by utilizing the health center household evaluation form. The vast majority (95.7%) of the sample was married, widowed, or separated, 75.0% were female. The ages of the participants ranged from 18 to 84 with 47.8% aged 35 to 54 years old. About two-thirds were not working (65.3%). Incomes varied between less than750 and 1501 or more Turkish lira (TL) per month, with 46.8% earning 751 to 1500 TL/month (1 U.S. dollar is equivalent to about 1.50 TL).

Procedure

Participants were contacted in person and surveys were given individually. Upon arrival at their living sites, and following the researcher's self-introduction, the purpose of the study was explained. Participants were also informed that participation in the study was voluntary. After obtaining their consent, the survey packets, which subjects read and completed on their own, were distributed, and then researchers collected all surveys once they were completed. None of the contacted individuals refused to participate. Data were collected between June 8 and July 8, 2009.

Measurement of Variables

Independent Variables

Socio-economic and Demographic Variables: The study collected data on participants' socioeconomic and demographic variables, including gender, age, education, work and marital status, and income.

Willingness to Take Financial Risks: Willingness to take risks was measured with the question, "Which of the statements on this page comes closest to the amount of financial risk that you are willing to take when you save or make investments?" Responses included: "Take substantial financial risks expecting to earn substantial returns," "Take above average financial risks expecting to earn above average returns," "Take average financial risks expecting to earn average returns," and "Not willing to take any financial risks." For the analyses, the "take substantial financial risks" and "take above average financial risks" categories were combined as "take above average financial risks."

Discussed Finance: Whether finance was discussed was measured with the question, "When growing up in your parents' or guardians' home did your parents or guardians include you in discussions or speak with you about any of the items below?" Responses included: "The importance of saving," "The family spending plan," "Your own spending," "Using credit," and "Did not include me in discussions."

Negative Financial Events: Negative financial events were measured with three questions. Reported frequency of the occurrence of eight specific negative financial events in the last two years, such as "needed emergency repairs (for car, home etc.)" and "been late on bills and/or credit card payments," measured this variable. Respondents were instructed to indicate the occurrence for each event as "yes" (coded as 1) or "no" (coded as 0). The frequency of occurrence of such events, then, provided an indication of a respondent's financial condition. Participants were asked how their current economic situation impacted their savings behaviors and attitudes. Responses included: "No impact at all," "Some impact," and "Significant impact." Participants were also asked over the past year, whether their family's spending exceeded, was about the same as, or was less than their income.

Financial Behaviors: Financial behaviors can be defined as any human behavior that is relevant to money management. Common financial behaviors include use of cash, use of credit, and saving (Xiao, 2008; Xiao et al., 2006). For the purpose of this study, budgeting and saving behaviors were considered as financial behaviors. Behavior can be measured as a binary variable, whether or not the behavior was performed (Xiao, 2008). In the present study, budgeting was measured with the question, "Do you currently use a plan to manage expenses?" Saving was measured with the question, "Are you currently depositing or investing money on a regular basis into some sort of account?" Responses included yes and no.

Perceived health status: Responses to the question, "Would you say your health is…." measured self-reported health status variable. Response choices were 1 (very good), 2 (good), 3 (fair), and 4 (poor).

Dependent Variable

Financial Distress: The InCharge Financial Distress/Financial Well-Being (IFDFW) scale (Prawitz et al., 2006) was used as a measure of financial distress. This measure is designed to be a latent construct representing feelings about one's financial situation on a continuum from overwhelming financial distress to no financial distress. The IFDFW scale is an 8-question self-reported subjective measure of financial distress. Internal consistency/reliability of the scale is reported as .96 (Prawitz et al., 2006). Questions in the IFDFW scale include: "What do you feel is the level of your financial stress today?" For each item, responses ranged from negative (1) to positive (10). Individual scores can range from 8 (1 point on each question) to 80 (10 points on each question). Scores on the IFDFW were computed by adding the numerical responses from the eight items, then dividing the total by eight. Resulting scores could range from 1 (overwhelming financial distress) to 10 (no financial distress). This indicated that lower level of financial distress would result in higher scores on the scale.

Validity and reliability tests for the IFDFW scale have also been carried out for Turkish families in this study. Principal Component Factor Analysis was used for this analysis. The factor loading of each item ranged between .47 and .81. All 8 items had positive loadings on the factor. Almost 48.7% of the total variance was explained by the one factor extracted. The maximum likelihood confirmatory factor analysis was also performed for IFDFW scale using the LISREL 8.80 program. Goodness- of-fit indices χ^2=101.86 , *df*=21, GFI=.96, CFI=.97, AGFI=.93, RMSEA=.080) suggest that the 1-factor model has an excellent fit for Turkish families. These results support the validity of the items, and thus, of the scale. In order to test the reliability of the measure, Cronbach's Alpha was selected. The correlations among the items varied between 0.20 and 0.69. All correlations were significant (p<.01), and Cronbach's Alpha internal consistency reliability was calculated to be .82. These results suggest that the inner consistency of the inventory is high. Turkish families' scores ranged from 1 (overwhelming financial distress) to 8.75 (no financial distress). The average financial distress score for Turkish families was 4.40 (*SD*= 1.47), with a median of 4.50, which indicated that average financial distress.

Analyses

Preliminary analysis included calculating frequencies of the sample on all independent variables. We conducted bivariate analyses to compare financial distress by socio-economic characteristics and financial behaviors. We used *t*-tests and one-way analysis of variance to identify statistically significant differences among Turkish families' socio-economic characteristics and financial behaviors. One–way analysis of variance was computed to compare mean IFDFW scores by age and income. When the *F*-test indicated significant (.05) mean differences on a given variable, the Scheffe multiple comparison test was used to isolate the specific between-category means that were significantly different. Independent sample *t*-tests were then used to compare mean values on the IFDFW and gender, education level, work and marital status, budgeting, and saving. Finally, Ordinary Least Squares (OLS) Regression Analysis was computed to determine the interrelationships between IFDFW and the financial behaviors when controlling for socioeconomic characteristics, whether finance was discussed with parents, negative financial events, and risk tolerance.

Results

Univariate Results

More than half of the participants (53.2%) had not discussed finances with their parents when they growing up. Nearly two-thirds (61.5%) of the families have experienced an increase in their cost of housing, and about half of the families (46.5%) have experienced being late on bills and/or credit card payments in the last two years, which affected their ability to save or invest. The majority (60.2 %) of families reported that over the past year their family's spending exceeded their income, and the current economic situation significantly impacted more than half (58.0%) of the families' saving behavior and attitudes. The vast majority of Turkish families (64.8%) were not willing to take any financial risk. The majorities (70.3%) of the Turkish families were budgeting; however, 63.3 % of the families were not saving.

Bivariate Results

Comparing Families' Financial Distress by Socio-economic Characteristics and Financial Behaviors

Table 1 summarizes the comparison of Turkish families' financial distress by socio-economic characteristics and financial behaviors. Results of the bivariate analysis tests showed that families' financial distress scores differed by their socio-economic characteristics and financial behaviors. As can be seen in Table 1, males, working individuals and families with higher education levels had significantly lower financial distress scores than females, those who were non-working, and families with lower education levels. Table 1 also shows that the results of one-way ANOVA for income was significant (F =18.88, p<.001). For this variable showing significant differences, the Scheffe Multiple Comparison Test was used to determine which pairs of categories of each variable were significantly different. There were significant differences among all income groups (p<.001). Age and marital status were not significantly related to financial distress.

Table 1 also summarizes the comparison of families' financial distress by financial behaviors. Persons who were saving reported significantly lower financial distress scores compared to those who did not save. However, there was no significant difference between budgeting and financial distress. Partial evidence was found to support hypotheses 1 and 2. Although families who reported very good health status had higher scores on the IFDWF scale (i.e., lower financial distress) than those who reported poor, fair, or good health, this difference was not significant. Statistical evidence was not found to support hypothesis 3.

Table 1
Bivariate Analysis Results of Financial Distress Scale Averages Score According to Socio-economic Characteristics, Financial Behaviors, and Health Status

Variables	Mean	SD	Test Statistics
Socioeconomic Variables			
Gender			
Female	4.27	1.47	t=-3.995***
Male	4.81	1.39	
Age			
<34 years	4.25	1.45	F=1.311
35-54 years	4.40	1.53	
55> years	4.52	1.38	
Education			
High school or less	4.36	1.46	t=-2.298*
More than high school	4.83	1.52	
Work status			
Not working	4.27	1.49	t=3.092**
Working-retired	4.65	1.39	
Marital status			
Single	4.30	1.85	t=.350
Married-widowed-separated	4.41	1.45	
Monthly income (TL)			
750 TL or less	4.03	1.45	F=18.88***
751-1500 TL	4.45	1.37	
1501 or more TL	5.09	1.52	
Financial Behaviors			
Budgeting			
Yes	4.47	1.43	t=1.706
No	4.24	1.54	
Saving			
Yes	4.87	1.43	t=6.157***
No	4.13	1.42	
Perceived Health Status			
Poor	4.10	1.50	F=1.71
Fair	4.46	1.37	
Good	4.42	1.54	
Very good	4.65	1.38	

*p<.05, ** p< .01, ***p<.001

Multivariate Results
Relationship between Financial Behaviors, Self-Reported Health Status and Financial Distress

OLS regression analysis was used to examine the relationship between level of families' financial distress and financial behaviors, when controlling for socioeconomic characteristics, whether finance was discussed with parents, negative financial events, and risk tolerance. Correlations were both negative and positive. Most correlations had significance levels of between 0.01 and 0.05. Table 2 summarizes the results of OLS regressions predicting financial distress. As seen in table 2, families' financial distress was significantly related to their socio-economic characteristics. Families with higher income reported significantly lower levels of financial distress than those with lower incomes. However, females reported significantly higher levels of financial distress than males (Step 1). When the variables for whether finance was discussed with parents or guardians was added to the equation, the step was still significant ($F = 6.23$; $p < .001$) and accounted for 11% of the variance in levels of family financial distress. The F change was also significant and with the addition of this variable, an increased percentage of the variance was explained by the step. Age had increased significance in step 2. Older people had significantly lower levels of financial distress than younger people. Measures of whether finance was discussed with parents or guardians were significantly related to financial distress: families who discussed using credit with their parents or guardians had significantly lower levels of financial distress than those who had not discussed use of credit (Step 2).

Step 3 was run adding negative financial events. This step was also significant ($F = 4.213$; $p < .001$) and accounted for 25% of the variance in the outcome variable. Negative financial events were significantly related to financial distress. Families who had experienced needed emergency repairs (for car, home etc.) had significantly lower levels of financial distress than those who had not experienced such a disaster. However, families who had experienced being late on bills and/or credit card payments had significantly higher levels of financial distress than those who had not experienced such hardships. As expected, families who had indicated that over the past year their spending was less than their income had significantly lower levels of financial distress than those who had indicated that their spending had equaled their income. However, the effect of economic situation was not significantly related to financial distress.

Step 4 was run with the addition of willingness to financial risk. This step was also significant ($F = 4.478$; $p < .001$) and accounted for 26% of the variance in the outcome variable. Although the F change was also significant, the addition of willingness to take financial risks did not substantially increase the percentage of variance explained. Increased costs of housing had increased significance in step 4. Families who had experienced an increased cost of housing had significantly lower levels of financial distress than those who had not experienced such a disaster. Families who were not willing to take any financial risks had significantly higher levels of financial distress than those who were willing to take average financial risk (Step 4).

There is partial support for the fourth hypothesis. As seen in Table 2, there is a relationship between families' financial distress and financial behaviors. This step was also significant ($F = 8.10$; $p < .001$) and accounted for 28% of variance in degree of families in financial distress. The F change was also significant and with the addition of the financial behavior variables, the step explained a higher portion of variance in the outcome variable. An exception was budgeting; negative financial behaviors contributed to financial distress through such variables as socio-economic characteristics, whether finance was discussed with parents, negative financial events, and risk tolerance. Families who saved reported significantly lower levels of financial distress. However, budgeting was not significantly related to financial distress (Step 5).

There is strong support for the fifth hypothesis. As seen in Table 2, there is a relationship between families' financial distress and self-reported health status. This step was also significant ($F = 7.61$; $p < .001$) and accounted for 29% of variance in degree of families in financial distress. The F change was also significant with the addition of self-reported health status variable. Age and educational level had increased significance in step 6. Older people and people with lower educational levels had significantly lower levels of financial distress than younger people and those with higher educational levels. As expected, self-reported health status was related to financial distress. Families who reported their health status as poor, fair or good had significantly higher levels of financial distress than those who reported their health status as very good (Step 6).

Table 2
OLS Regression Result for Financial Distress (IFDFW)

	1	2	3	4	5	6
Socio-economic Variables						
Female	-.572 (.182)**	-.520 (.181)**	-.546 (.170)***	-.524 (.171)**	-.518 (.169)**	-.520 (.168)**
"35-54" age	.133 (.157)	.286 (.165)	.157 (.156)	.171 (.157)	.157 (.155)	.217 (.158)
"55+" age	.291 (.174)	.511 (.192)**	.264 (.186)	.300 (.188)	.284 (.186)	.416 (.196)*
High school or less	.077 (.229)	.136(.228)	.289 (.218)	.350 (.219)	.398 (.217)	.455 (.218)*
Working-retired	-.203 (.176)	-.187 (.175)	-.140 (.163)	-.192 (.164)	-.137 (.162)	-.145 (.162)
Married-Widowed-Separated	.132 (.300)	.015 (.299)	-.036 (.286)	-.064 (.285)	-.085 (.282)	.064 (.288)
751-1500 TL income	.463 (.132)***	.439 (.131)***	.426 (.126)***	.385 (.127)**	.382 (.125)**	.369 (.126)**
1501 or more income	1.139 (.194)***	1.091 (.196)***	1.147 (.193)***	1.053 (.199)***	1.035 (.196)***	1.024 (.198)***
Discussed Finance						
Discussed importance of saving		.159(.147)	.155 (.139)	.135 (.140)	.094 (.138)	.096 (.138)
Discussed family spending plan		.222 (.161)	.238 (.151)	.239 (.150)	.199 (.149)	.188 (.148)
Discussed their own spending		.165 (.153)	.236 (.146)	.219 (.145)	.155 (.144)	.131 (.145)
Discussed using credit		1.386 (.473)**	1.130 (.441)*	1.090 (.440)*	1.095 (.433)*	1.165 (.433)**
Negative Financial Events						
Needed emergency repairs			.454 (.118)***	.456 (.118)***	.394 (.117)***	.379 (.117)***
Been late on bills and/or credit card payments			-.817 (.112)***	-.819 (.112)***	-.781 (.110)***	-.801 (.111)***
Had costly out-of-pocket medical expenses			.090 (.140)	.101 (.140)	.037 (.139)	.029 (.138)
Unemployment			-.233 (.143)	-.223 (.143)	-.167 (.142)	-.152 (.141)
Natural disaster			-.079 (.292)	-.066 (.291)	-.193 (.288)	-.173 (.288)
Vandalism or terrorism			-.141 (.173)	-.125 (.172)	-.201 (.171)	-.254 (.172)
Major life changes			-.135 (.116)	-.163 (.116)	-.195 (.115)	-.197 (.115)
Increase in cost of housing			.249 (.130)	.279 (.130)*	.289 (.130)*	.271 (.130)*
Spending-Income balance						
Spending exceeded income			-.174 (.134)	-.184 (.133)	-.093 (.133)	-.092 (.133)
Spending was less than income			.901(.260)***	.907 (.260)***	.850 (.258)***	.861 (.257)***
Impact of economic situation						
No impact at all			.426 (.236)	.392 (.237)	.349 (.233)	.370 (.233)
Significant impact			-.233 (.145)	-.244 (.145)	-.300 (.143)*	-.282 (.143)*
Willingness to Take Financial Risks						
No financial risk				-.364 (.155)*	-.324 (.153)*	-.323 (.153)*
Above average financial risk				-.178 (.186)	-.162 (.184)	-.225 (.186)
Financial Behaviors						
Budgeting					.072 (.128)	.044 (.129)
Saving					.512 (.123)***	.514 (.123)***
Perceived Health Status						
Poor						-.774 (.287)**
Fair						-.503 (.256)*
Good						-.479 (.235)*
Constant	4.150(.401)***	3.885 (.408)***	4.213 (.412)***	4.478 (.430)***	4.233 (.431)***	4.534 (.444)***
F	7.02***	6.23***	8.05***	7.69***	8.10***	7.61***
R^2	.087	.113	.252	.259	.284	.293

Unstandardized coefficients are reported, with standard errors in parentheses.
Note: $^*p<.05$, $^{**}p<.01$, $^{***}p<.001$.

Conclusion

The Turkish families could be characterized as experiencing average financial distress about their personal finances. According to national norming data for the IFDFW scale for the United States (Prawitz et al. 2006), the median score (indicating average financial distress) for the general population was 5.7 on the 10-point scale. This was slightly above the scale's midpoint of 5.5. For Turkish families in the current study, the median score was 4.4, slightly below the scale's midpoint of 4.5. These figures indicate that the families were experiencing average financial distress and they were experiencing high financial distress when compared with the original version of the scale for American population.

Overall, this study found a relationship between financial distress, health, and financial behaviors. A partial relationship was found between financial distress and financial behaviors of Turkish families after controlling for socioeconomic characteristics, whether finance was discussed with parents, negative financial events, and risk tolerance. Generally, saving behavior was negatively related to financial distress of families, with the exception of budgeting. Our results suggest that to become financially healthy, families need to exhibit desirable behaviors with regard to cash and credit management, saving, etc. Financial distress can be said to be "low" when families have positive financial attitudes and exhibit healthy financial behavior. Those reporting better health reported lower financial distress than did families reporting poor, fair, or good health.

Bivariate relationships between socioeconomic characteristics, financial behaviors, and financial distress were proposed and explored using mean-comparison techniques. Consistent with our expectations, socioeconomic characteristics and financial behaviors were significantly related to financial distress, except for age, marital status, and budgeting. Partially consistent with earlier studies (Shim et al., 2009; Xiao, Sorhaindo, & Garman, 2006; Xiao et al., 2009), we also found that positive financial behaviors were related to lower financial distress. This indicates that families who had saving significantly decreased their financial distress.

OLS regression was used to identify the relationship of financial behaviors, health status, and financial distress. In the current study, families' saving behavior and health status predicted financial distress after controlling for selected socio-economic characteristics, whether finance was discussed with parents, negative financial events, and risk tolerance. Furthermore, in the full step, families' financial distress tended to be related to gender, age, education, income, discussed using credit, negative financial events, willing to take financial risk, saving behavior and health status. In contrast to previous research, our study found that budgeting was not related to financial distress when controlling for other variables. These results partially confirmed findings of previous studies cited in the literature. For example, Xiao et al. (2007) indicated that good financial practices in cash management, credit management, and saving were positively related to overall well-being. O'Neill et al. (2005a, 2005b, 2006) found evidence of associations between individuals' self-reported health status and their financial stress. Similar to previous research, the current study also found a positive association between self-reported health status and level of financial distress.

The results of this study help to further document the financial distress of selected Turkish families. This study had several limitations that affected the generalizability of its findings. First, the sample consisted of families in a lower socio-economic level district who were likely to be experiencing more financial distress when compared to the general population of Turkish families. Therefore, associations between financial behaviors, health and financial distress cannot be generalized to the general population. Second, the respondents' perceptions of both their health status and financial well-being may differ from that of an objective third party assessment. Future researchers examining relationships among these and other variables may want to employ more specific measures of health rather than self-reported health status.

This study has some implications. Public policy regarding improving Turkish families' health and personal finance practices often is formulated on some tracks. With increasing documentation of relationships between health and personal finances, policymakers need to consider families' lives holistically when proposing regulatory changes and/or making recommendations for behavior change. Also, financial educators and counselors should help financially distressed families make a smooth transition from negative financial behaviors to positive financial behaviors and being debtors to being savers.

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Building Emergency Savings

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Key Words: *emergency savings, behavioral economics, low-income*

Abstract
The recent financial crisis negatively affected the finances of numerous households throughout America, especially those with low- and moderate-incomes. Because we cannot predict the future, families need to protect themselves against financial shocks by planning and saving for emergencies. Emergency savings are essential for families to attain financial security. The purpose of this paper is to identify potential saving options in which low- and moderate-income families can build and maintain emergency funds. Existing savings programs and methods are presented that may be adopted by financial educators to improve the financial well-being of low- and moderate-income families.

Introduction
Even the most competent drivers may become involved in vehicle accidents, whether due to their own actions or those of other drivers. Many vehicles come equipped with airbags to reduce injuries and damaging effects in case of a collision. Similarly, many families experience financial mishaps throughout their lives, sometimes for reasons beyond their control. However, families can brace themselves against financial injury if they are able to plan and save up an emergency fund. The economic consequences of a financial shock will be reduced if families start now to prepare and build their emergency savings. By building their emergency reserves, families may be able to maintain and enhance their financial well-being now and in the future.

A significant number of households in the United States are financially unstable and have inadequate funds to achieve their future financial goals. This is especially true for low-income and less educated households (Campbell, 2006), and the recent financial crisis has further compounded the situation for many American families. The National Retirement Risk Index measures the percentage of households who are "at risk" of being unable to maintain their pre-retirement standard of living in retirement. Since the onset of the great recession, the households 'at risk' increased from 44 percent in 2007 to 51 percent by 2009, which included over half of low-income households (Munnell, Webb, & Golub-Sass, 2009). Families with adequate emergency savings may be less likely to spend their 401(k)s or IRAs as a financial backup in a time of crisis.

The number of unemployed workers in America at the beginning of 2010 was roughly 14.8 million and the unemployment rate was 9.7 percent, or approximately 17 percent when discouraged workers are included (Bureau of Labor Statistics, 2010). The large number of unemployed workers and the dearth of new jobs have led to increased competition for existing positions. According to the Economic Policy Institute (2010), 39.8 percent of unemployed workers have been jobless for over 6 months and there are approximately six jobseekers for every job opening. Although both men and women have suffered from the weak economy, overall men have fared worse due to the large number of job cuts in male-dominated industries, such as construction and manufacturing (McQueen, 2010). However, the most vulnerable age group affected by the great recession has been those 45 years and older, particularly older women (Goodman, 2010; Pynoos & Liebig, 2009).

Although many households have been affected by the current economic crisis, there is a debate about the long-term outcomes of the recession of consumers' saving and spending behavior. Since the onset of the recession, the personal savings rate in the United States has increased modestly (Cashell, 2009). On the one hand, optimists argue that the recession has compelled individuals to budget and prioritize their finances (Cornish, 2009). However, the extent and longevity of these changes in financial behavior are uncertain. Stanley (2009) maintains that consumers' change in saving behavior is only temporary. Individuals facing unemployment and other financial hardships are unable to increase their savings (Han, 2009). Low-income families have less access to earnings, insurance, and other financial aid which impedes their ability to build their savings (Garasky, Nielsen, & Fletcher, 2008). The high unemployment rate and lack of employer-provided benefits can pose a major problem for workers when making

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financial decisions, such as purchasing a home or planning for retirement; or when faced with unexpected events, such as unemployment or medical expenses. But whether or not the trend in saving behavior is permanent, the bottom-line is still the same: families should start saving for emergencies and they should start saving now.

The Family Economics Research Coordinating Committee established three national research priorities for family economists (Lawrence, Lyons, & Gorham, 2008). One of the primary areas of research outlined by the committee is "planning for a secure financial future" (p. 61). Emergency savings are essential for individuals to attain financial security throughout the life cycle. By accumulating assets, families can be more prepared for emergencies such as illness or unemployment (Mischel, Bernstein, & Schierholz, 2008). Also, strengthening the economic well-being of families may benefit the economy on a broader scale as they continue to consume and produce. Not all consumers are easily motivated to change their financial behavior; therefore, behavioral economics concepts can be applied to increase awareness and motivation for families to save for emergencies.

Purpose

The purpose of this paper is to identify potential saving options in which low- and moderate-income families can build and maintain emergency funds. Existing financial literacy programs and saving methods are presented that may be adopted by financial educators to improve the financial well-being of low-income individuals and families. Behavioral economics also offers insights on how to motivate individuals with low- and moderate-incomes to save. The following section examines consumers' saving behavior in the United States, focusing on changes resulting from the great recession and the need for families to accumulate emergency savings. The life cycle savings model is used to demonstrate the need for individuals and families to save during their working years.

Literature Review

Because we cannot predict the future, individuals and families need to make provisions to cushion themselves against financial emergencies. Financial emergencies and unexpected financial shocks may include events such as (but not limited to): unemployment, relocation for a new job, unanticipated medical expenses, home or auto repair, unexpected taxes, divorce, disability, desertion, or a death in the family. These financial shocks are even more severe for families with low incomes. Being able to reduce the impact of these financial blows contributes to financial stability at both the family level and for the economy as a whole (FINRA, 2009).

A number of studies have examined the impact of the personal savings rate on households and families. Cashell (2009) examined the saving and spending trends of consumers in the United States and how it has changed during the financial crisis which began in December 2007 (NBER, 2008). Since the 1970s, the national savings rate as a percentage of after tax income has steadily declined from 9.6 percent to nearly zero by 2005 (Cashell, 2005; 2009). Although the savings rate remains low at approximately 4.3 percent (Bureau of Economic Analysis, 2010), it has slowly started to rise since the onset of the great recession. The increase in savings was noted in spring of 2008, after the severity of the decline became apparent. However, it cannot be assumed that this rising trend will continue in the future. Cashell (2009) found that temporary income increases (i.e. tax refund or tax subsidy) were more likely to be saved than permanent income from employment. Also, a decrease in wealth is likely to lower consumption and increase savings, known as the *wealth effect* (Cashell; Maki & Palumbo, 2001). According to Cashell's analysis, recent improvement in consumer saving behavior is likely to be short-term rather than long-term. Cashell predicts that saving will likely decrease as the economy rebounds and consumers' equity assets improve.

In conjunction with the decline in national savings over the past few decades, personal consumption expenditures have significantly increased. Summers (2009) evaluated the change in consumption levels, saving rates, and debt loads in the United States during the current economic recession. Summers reported that consumption expenditures as a percentage of GDP gradually increased from 62 percent in 1981 to 70.4 percent by 2008 (Summers). High levels of consumption can stimulate the economy, but may also result in personal financial instability if consumers are not cautious. Summers also found that household debt grew at a faster rate than income over the past thirty years. Consequently, families with high debt levels are less likely to save adequately for times of financial hardship and economic recession.

Rising levels of consumer spending were accompanied by increased consumer borrowing in the past few decades. According to Glick and Lansing (2009), U.S. household leveraging (which was measured by the ratio of debt to personal disposable income) more than doubled over the past two decades. Consumer debt leverage, which is measured by a debt-to-equity ratio, reached as high as 133 percent in 2007. Debt levels directly affect households' ability to consume and save. American households have maintained an aggregate debt burden of approximately 14 percent of disposable personal income since 2004 (Bucks, Kennickell, Mach, & Moore, 2009), which is close to the recommended maximum borrowing ratio of 15 percent. Too much debt can be detrimental for families that experience unexpected financial shocks because they are in danger of falling delinquent on their debt payments (e.g., mortgage, credit card payments, loans, etc.). A review of the 1998 Survey of Consumer Finances (SCF) concluded that consumer delinquency problems (which result from consumer debt) were mainly attributed to unexpected events (Getter, 2003). To avoid financial devastation such as bankruptcy or foreclosure, consumers need an emergency reserve.

The National Financial Capability Study was designed to help assess the financial knowledge, attitudes, and behaviors of American adults (FINRA, 2009). According to the National Survey conducted in 2009 (the first of three linked surveys as part of the study), only 49 percent of Americans had emergency funds sufficient to pay for three months of expenses. As a result, many families have limited financial resources to rely on if they encounter an economic shock. Further, individuals who did not have an emergency fund were 1.5 times more likely to have experienced a decline in income in the past 12 months as compared to those who did (FINRA, 2009). Therefore, many Americans are still in great need of accumulating emergency savings in order to buffer them from these income decreases and to cover their unexpected expenses.

Regardless of economic recession or expansion, only approximately one-third of Americans have reserved sufficient emergency savings over the past few decades (Bhargava & Lown, 2006). Greninger, Hampton, Kitt, and Achacoso (1996) identified benchmarks for assessing the financial well-being of families and individuals by interviewing a panel of financial educators and planners. The panel recommended that families and individuals should acquire approximately three months of liquid assets, which is consistent with previous studies (Greinger et al.). Younger, less educated individuals and households that overspend should be targeted for financial education (Bhargava & Lown, 2006) and receive assistance from financial educators as well as financial institutions and policy makers in building emergency savings. Also non-white or single parent households are more likely to benefit from additional guidance and education regarding emergency reserves (Lown, 2005).

Conceptual Framework

The life cycle savings model was developed by Ando and Modigliani (1963), an economic model of different stages of the life cycle and the necessity to accumulate income for their nonworking, retirement years. During each stage of the life cycle, individuals are required to make important choices that have economic implications, such as seeking employment, obtaining education, getting married, and choosing where to live. These decisions directly affect individuals' income and consumption. The life cycle savings model assumes that individuals will seek to maximize their utility from consumption over time (Hanna & Chen, 2008; Yuh & Hanna, 2010). It is expected that income will vary over the life cycle, but there will be less variation in consumption patterns. Under this assumption, individuals will save during their working years (when income exceeds consumption) to sustain their financial well-being during their retirement years (when consumption exceeds income).

Typically, young workers are just launching their careers in the early years. New employees can expect to receive lower wages than more seasoned employees. Therefore, they may need to borrow money in order to establish their household, start a family, or buy a home (Clark, Burkhauser, Moon, Quinn, & Smeeding, 2004). As employees gain experience in their occupations, they can expect their income to increase and exceed their expenditures as a result of their increased value and productivity. During this time, employees need to accumulate wealth in preparation for their retirement years when they will no longer have a steady income. During retirement, expenditures are expected to exceed income and individuals consume their wealth to maintain their standard of living until death (Clark et al.).

However, the life cycle savings model does not realistically depict the true economic circumstances of individuals and families in America. Encouraged by persuasive advertising and lax lending standards, many Americans find it difficult to save during their middle years, which reduces their ability to cope with unexpected expenses, let alone adequately prepare for retirement. Low- to moderate-income households are even more disadvantaged due to the lack of monetary resources, education, and opportunities to improve their economic situation. These families are also more likely to have more consumer debt in relation to their income, which further hinders their ability to accumulate wealth and maintain their standard of living.

Lessons from Behavioral Economics

As financial practitioners seek to persuade consumers to save and increase their financial knowledge regarding emergency funds, they should consider the recent experiences of individuals and families during the current economic crisis. Due to the widespread consequences of the economic recession, many households are becoming more aware of the importance of increasing personal savings and decreasing debt levels (Summers, 2009). Some Americans are more prepared and willing to change and improve their financial behavior. Now is an opportune time for financial counselors, planners, and educators to motivate and encourage consumers to establish or add to their emergency savings. The severe recession can be viewed as an important *teachable moment.* Teachable moments are opportunities when people are most prepared to learn, make a change, or make a specific decision.

Even though the recession is nearly over (NBER, 2010), the effects of the recession will continue and Americans should anticipate a very lengthy recovery period. Many workers may never recover the earnings that they lost. Additional assistance is needed to help low-income families implement effective saving options and strategies. Behavioral economics theoretical constructs, such as inertia, procrastination, and self-control, provide insight into how to motivate individuals to take action and improve their economic behaviors. Consumers not only need to be financially literate but they need to have the confidence and ability to make beneficial financial decisions on their own. There are several examples of how to apply behavioral economics in consumer finance education. Financial professionals can be creative in applying these approaches or variations in their own organizations.

Inertia and procrastination both help to explain why consumers have difficulty saving even if they have good intentions (Wiener & Doescher, 2008). The resistance of people to change their current actions is called *inertia*. The first step towards any goal is often the most difficult because it requires commitment, effort, and change. Inertia is helpful once an individual has already made progress toward positive behavioral change. Therefore, it is beneficial for employers and financial educators to consider new ways of simplifying the first steps that individuals must take to improve their financial situation and build their emergency savings. For example, automating processes is one way to set and keep inertia in motion (Gale, Gruber, & Orszag, 2006). This involves implementing standard practices or processes, which can make different financial options simpler for consumers. This may be particularly beneficial for people who are less knowledgeable, indecisive, or reluctant to save.

Procrastination is related to inertia in that it can prevent consumers from making necessary changes to improve their economic well-being (Wiener & Doescher, 2008). There may be several contributing factors affecting why individuals procrastinate. For instance, the complexity of financial decisions can be a major deterrent for new savers and investors. Also, it can be easier for individuals to maintain the status quo rather than to change their behavior. Financial matters and investing can be stressful for many individuals, especially if they already feel economically strained. By reducing the complexity of saving decisions and options, households will be more successful as they build confidence and dissolve their fears (Beshears, Choi, Laibson, & Madrian, 2006).

Self-control is another closely related construct that influences peoples' intentions to save for unexpected events (Rha, Montalto, & Hanna, 2006). To demonstrate self-control, individuals need to remain focused on a specific goal (Benhabib & Bisin, 2005), such as building an emergency savings fund. In other words, self-control requires a degree of determination and perseverance. However, it is generally easier for individuals to succumb to instant gratification or procrastination rather than planning and saving for a rainy day. For example, some individuals lacking self-control may prefer to spend their money freely, such as compulsive shoppers. Individuals may lack self-control as a result of their lack of confidence to make the right decision when they are faced with different options (O'Donogue & Rabin, 2001). Additional reasons why individuals may lack self-control are because they doubt their abilities, become discouraged by lack of resources, or confront other fears when facing their finances.

Whether these concerns are real or perceived, they can pose as a stumbling block for individuals who do not have emergency savings and those who have the greatest need for an emergency savings. However, as individuals become more confident in their abilities, they are more likely to accept change. Individuals are more capable of making sound financial decisions if they have perceived ability as well as actual ability (Wiener & Doescher, 2008). Therefore, improving consumers' financial literacy and awareness of resources in regards to building emergency savings may likewise increase their overall self-control and ability to save.

Options for Building Emergency Savings

There are several existing savings programs available throughout the United States, sponsored by financial institutions, employers, grant research, or financial educators. By incorporating behavioral economics concepts, financial practitioners should be able to further motivate low- and moderate-income families to start saving, even when financial resources are scarce. The following section highlights several different types of resources and successful savings programs, some of which are specifically targeted to low- and moderate-income families.

A savings account is one way that individuals can begin to establish and accumulate an emergency savings reserve, regardless of how small the deposits. Through the help of employers and financial institutions, more finance options are available to employees in regards to starting or building their savings accounts. For example, some employers are offering automatic contributions to savings accounts that increase at a predetermined rate annually as employees' take-home pay increases (Lord, 2006). Similarly, most financial institutions and employers provide services that allow employees to make automatic deposits to their savings accounts each time they are paid. With this automatic deposit option, low-income workers and families that live on a tight budget may be able to save more regularly. If these options are not currently available, one suggestion is to appeal to small banks, local credit unions, or other financial institutions in the area to offer savings accounts with a very low minimum deposit for local companies and organizations. Then, employers and employees could open these savings accounts if they agreed to a gradually increasing savings rate over time. This would be a quick way for financial institutions to receive new clients and funds, and would help simplify the saving process for workers as well as motivate them to save and avoid procrastinating.

Another example of applying behavioral economics in financial management is opt-out retirement savings plans. The Pension Protection Act of 2006 allows companies to offer pensions in which all employees are enrolled by default in a retirement savings plan unless they choose to opt-out. Studies have found that opt-out retirement savings plans have higher levels of participation than opt-in plans (Madrian & Shea, 2001). Although this example does not relate to emergency savings specifically, it illustrates how inertia can help families make important financial steps, and it could be adopted in the future as a method for helping families to establish their emergency savings as well as retirement savings.

Online savings accounts are another alternative for building emergency savings. An online savings account is similar to a savings account at a bank or credit union except that it is managed and funded primarily on the internet. Online savings accounts often offer higher interest rates than traditional savings accounts with minimal fees. Since May 2009, most savings accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per account (FDIC, 2010). These accounts are opened online and managed through a link to the existing savings account. There are several different online banks to choose from, each with their own, unique website. Typically the process for opening an online savings account is straightforward and simply requires entering personal and account information in on online form. Customer service is generally available via phone, email, or chat and specific contact information should be posted on the bank's website.

Financial counselors and educators should collaborate with financial institutions to find creative ways to make saving a positive experience for consumers. A group of credit unions in Michigan, who partnered with a Harvard Business School finance professor to implement the "Save to Win" program exclusively for Michigan residents (Zweig, 2009), are one good example. Credit union members were entered into a monthly and annual raffle for monetary prizes if they put $25 or more into a one-year, certificate of deposit (CD) at one of the eight participating credit unions. The monthly raffle included prize winnings up to $400 and the annual drawing was for a $100,000 jackpot. Additionally, each subsequent monetary deposit over $25 participants made to their Save to Win CDs allowed them another entry for the annual drawing. The raffle created a motive for people to start saving or build additional savings at their local credit unions. In the first 25 weeks, the program accumulated $3.1 million in new deposits, often from people who have never been able to save money (Zweig). The possibility of winning a dollar prize made saving enticing and largely motivated people to save by adding an element of excitement.

A similar example comes from the America Saves program in Maryland. America Saves is a national campaign that helps families save and build wealth (America Saves, 2010). Numerous free resources are available through America Saves for financial educators and households alike (visit http://americasaves.org/ for more details), and there are locations in several states across America. In conjunction with America Saves Week, Maryland held its fourth annual “Roll in the Dough” savings campaign to promote financial action and good savings habits (Maryland Saves, 2010). The campaign was sponsored by seven financial institutions in Maryland and the District of Columbia with 70 participating banks and credit unions. Participants were entered into a drawing for monetary prizes by opening or adding to savings accounts, including traditional savings accounts, money market accounts, IRAs, savings bonds, and CDs. More than 1,600 people participated during the two-week campaign to receive a $1,000 CD, $500 CD, or $100 cash prize. With increased motivation from the drawing, participants deposited approximately $7.2 million in additional savings during the campaign (EBRI, 2010).

Individual development accounts (IDAs) are another way to promote and build savings for low-income families. IDAs are matched savings accounts that offer participants 100 percent, 200 percent, or higher percentage matches depending on their eligibility and amount of deposits. In conjunction with the matched savings, IDA participants are required to participate in financial education classes to improve their abilities such as budgeting, saving, and banking (CFED, 2010). The first large-scale IDA programs began in the late 1990s. IDAs are funded through the U.S. Department of Health and Human Services’ AFI program as well as other state and community organizations. Approximately 1,000 organizations have offered IDAs to more than 50,000 low-income families throughout the nation (Loibel, Grinstein-weiss, Zhan, & Bird, 2010).

IDAs are targeted to low-income families and offer relatively high rates of return, therefore, these accounts are a great approach for helping families that lack assets to build their emergency savings (Loibel et al., 2010). The first step to apply for an IDA is to locate and contact the closest program and sponsor (CFED, 2010). Several program directories are available online for easy access and some states also have their own IDA websites. For example, the IDA network website (www.idanetwork.org) provides the IDA Program Directory as a source to find IDA programs listed by state. Individuals should be informed of the programs available to them because IDA programs often differ from one program to the next in the amount of matching provided, eligibility, or the length of the program (CFED). IDAs can be used specifically to fund higher education, home ownership, or small business start-up.

Goal statements or action plans are another technique that can influence families’ financial behavior (Loibel & Scharff, 2010). To overcome procrastination and to engage more self-control, financial practitioners can utilize goal making when assisting low-income families in building their emergency savings. For example, at the Family Life Center at Utah State University, financial counselors assist each client in completing an action plan. Individuals establish goals and tasks to help improve their financial situation, reach their goals, and to take responsibility for their actions and decisions. Both the client and counselor sign the action plan before the end of the counseling session which makes the plan more contractual and the client more accountable. Action plans or goal statements can be utilized not only by financial counselors, but by financial educators and financial institutions to encourage families to begin building their emergency reserve.

Online calculators can be utilized by financial counselors and educators as a tool to strengthen self-control among low- and moderate-income families. Many families want to build their emergency savings; however, it is not uncommon for them to postpone it because they feel that they lack the necessary monetary resources. Although this may be true for some individuals struggling to make ends meet, many others do have the financial ability to start saving at a small level. Online calculators can help individuals examine their financial situation more closely and motivate them to begin saving. For example, a loan calculator will provide the amount of money it will cost to pay off a given loan (e.g., car, credit card, or student) by entering the loan amount, interest rate, and loan term. It can be rather revealing to see the amount of money being paid towards interest alone. This type of demonstration may motivate families to pay down debt quickly in order to avoid paying excess interest. Rather than going towards interest, financial practitioners should suggest a positive alternative for this “additional” money, such as putting it towards an emergency savings fund.

For individuals and families with large amounts of debt, their best option may be to aggressively pay down their debt first before focusing on saving (Lown, 2005). The balance between debt and saving differs from one household to the next because there are several contributing factors, such as employment status, marital status, and consumer behaviors. Although an emergency reserve is critical to keep families from further financial injury, it is equally important to avoid excessive debt. It is not logical or productive for families to save all of their money and earn a minimal interest rate (i.e. 1%) when they currently have debt payments with high interest rates, ranging anywhere from 12 – 30% (Lown).

Conclusion

In order to improve the financial situation of low-income families, additional financial strategies based on behavioral economics are needed that will actually motivate people to save. Families that have been impacted most by the great recession have the greatest need for emergency funds, and this is the moment to teach them. The reality of financial devastation caused by unexpected events is prevalent in the minds of many American families. Now is the opportune moment to teach families about how to learn from the financial crisis and to insure themselves against further financial shocks in the future.

Identifying the need for increased consumer saving and financial education and improving the financial capability of individuals and families is of interest to financial educators, counselors, and family economists. By understanding how consumers are motivated, financial practitioners can assist individuals to build their emergency savings. Financial educators and counselors may also better understand families' concerns and obstacles in regards to starting and maintaining an emergency saving fund. They can more accurately target individuals and groups that need the most financial assistance building assets as well as how to better educate and motivate consumers to save. Also, there are other methods aside from those listed of ways to motivate individuals to improve their financial behavior. Financial educators and counselors should seek to be creative and consider the demographics and life styles of the families they serve to make financial education the most effective.

These suggestions can also be beneficial for family economists. Family economists should be aware of current saving trends in America as well as identify saving methods that can be used to encourage low-income families to save even when they can barely make ends meet. For instance, family economists could help to determine how to start an IDA for low-income families in an area that does not have a program available. Also, how can consumers or financial practitioners begin to work with financial institutions to establish programs such as the Save to Win program or the Roll in the Dough campaign. More options should be explored that offer financial independence for individuals and families as well as ways to encourage families to participate in current financial programs.

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Students Teaching Peers About the Stock Market

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Key Words: *investing, youth education*

Target Audience
The target audience for this program is middle and high school students. The activities are designed to be done in school during the school day.

Objectives/Purpose
The objective of this program is to teach students about investing in stocks, bonds, and mutual funds; the differences between saving and investing; investment risk; and other investment fundamentals. During the lessons the students create a personal investment plan and also learn about how to protect themselves from becoming victims of investment fraud. The simulation activity at the end of the lessons is meant to empower students to share their new knowledge with their peers. The change in students' knowledge and awareness is measured via a pre-/post-test instrument. Attendees at this practitioners' forum session will receive all of the tools they need to replicate this program, including lesson plans, evaluation and assessment instruments, and instructions on conducting the stock market simulation.

Description
Through the support of a grant from the Investment Company Institute Education Foundation an investment education course for middle and high school students was developed. The course consists of five lessons that culminate in a stock market simulation. Students divide into teams and each team creates a poster about a particular stock. The poster includes information about the stock's ticker symbol, the exchange on which it is traded, it's current price, and 52-week performance. The students invite peers from other classes who have not had the investment lessons to attend the stock market simulation. Each of the visiting students gets a hypothetical $1,000 that they can use to purchase stocks and they have 15 minutes to choose from among the stocks being sold. After 15 minutes a new trading day begins and all of the teams change the prices of their stocks. The visiting students calculate the new value of their shares and then make decisions about buying and selling. The process is repeated through two more trading days and at the end the visiting students calculate their gains or losses and complete an evaluation to determine what they learned about the activity.

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Financial Education and Volunteer Income Tax Assistance

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Introduction

Many individuals and families benefit from sound financial advice and education provided by professionals. Low- and moderate-income (LMI) households, however, often have difficulty accessing financial planning professionals (Walters, 2007) because they are either unavailable or cost probative. Pro bono efforts sponsored by professional financial planning associations and certifying boards have been initiated throughout the country to better serve LMI populations. These pro bono efforts are very important and have been met with some success in reaching LMI households, but have been quite limited in terms of the number of LMI households served. Thus, farther-reaching strategies are needed to complement those efforts currently underway.

One highly effective program that provides one-on-one services and reaches millions of households annually is the Volunteer Income Tax Assistance (VITA) program, which is sponsored by the IRS in partnership with local community organizations. Through VITA, LMI income tax filers can receive free help with tax preparation and filing from IRS certified volunteers. This effort reaches more than one million households annually and offers more than 4,500 locations around the United States where such services can be received. This setting for individualized education is difficult, if not impossible, to find replicated elsewhere. Opportunities for brief one-on-one educational interventions (BrOnEIs – "brownies") have been shown to be effective in healthcare education and counseling (e.g., Babor & Higgins-Biddle, 2000; Berg-Smith et al., 1999; Glasgow, et al., 1997; Handmaker & Wilbourne, 2001). For purposes of this paper, BrOnIEs last approximately 30 minutes or less.

While many sites offer various forms of financial education, a paradigm shift in the role VITA sites play in providing financial education is necessary to fully achieve the benefits that such a comprehensive and far-reaching infrastructure can provide. This paper will provide a brief overview of the VITA program and present a framework that integrates BrOnEIs into the tax preparation and filing process. The paper will conclude with a discussion of potential educational topics that could be easily integrated into this framework.

Overview of VITA

VITA is a volunteer program administered by the Internal Revenue Service and partnering organizations designed to provide free tax preparation and filing services to people with low- or moderate- incomes. All volunteers must be certified through the IRS, and VITA sites are encouraged to file all returns electronically. The VITA program is administered through the IRS office of Stakeholder Partnerships, Education, and Communication. EITC Central (http://www.eitc.irs.gov/central/main/), hosted by the IRS, provides resources for VITA partnering organizations, volunteer tax preparers, promoting awareness of the earned income tax credit (EITC), and marketing VITA sites to the public. Another excellent resource for organizations seeking to learn more about VITA and expanded financial education opportunities provided by VITA is the National Community Tax Coalition's website (http://tax-coalition.org/).

VITA is operated by volunteers and hosted by numerous community and neighborhood centers and businesses (Price & Smith, 2008; Strupeck & Whitten, 2004). There are several different positions a volunteer can fill, such as: site coordinator, tax preparer, quality reviewer, electronic returns transmitter, financial resource specialist, interpreter, and greeter. How VITA serves the communities surrounding each site varies depending on the local needs of that community. However, there is a common set-up that is available and often implemented to make the process go as smoothly as possible.

VITA in the military is structured similarly to civilian sites, except that there is an Officer-In-Charge and command of tax assistance services originates from the Judge Advocate General's office and the Armed Forces Tax Council

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(AFTC), which consists of representatives from each branch of the armed forces (IRS, n.d.). VITA-based, service-learning projects are increasingly common throughout the country and provide a rich environment for students and community members to learn and develop knowledge and skills together.

Demand for Income Tax Assistance

LMI households show a high demand for income tax preparation assistance due to the complexity of the task and potential for significant refunds as well as severe consequences for erroneously claiming refundable tax credits such as the Earned Income Credit. Low literacy levels among the population, particularly among low-income individuals, create greater need for tax preparation services in order to reduce errors and increase compliance (Barton & Jenkins, 1995; O'Connor, 2001). While self-prepared tax returns may be prone to mistakes, they are not unique in this regard. Mistakes abound in both free and commercially-prepared tax returns. Brown (2006) indicates that 74% of commercially-prepared tax returns and 41% of volunteer-prepared tax returns contain at least one error. Thus, the quality of services provided by free tax preparers compares favorably against the for-profit alternative.

Brief Discussion of Financial Education

Large numbers of individuals have been positively impacted through financial education opportunities in the workplace, schools, community, and nonprofit organizations, and awareness of personal finance issues has increased. Financial education in these settings is typically offered in a group setting. Many studies have sought to document the positive impact of such education (i.e., Kim & Garman, 2003; Lyons, Chang, & Sherpf, 2007; Staten, Elliehausen, & Lundquist, 2002), while others have questioned the impact based on data limitations and research design (Choi, Laibson, Madrian, & Metrick, 2004; Willis, 2008). Willis (2008) argues that for more advanced financial decisions, one-on-one education and planning results in superior outcomes as compared to group education alone. Thus, greater opportunities for one-on-one education could complement group education currently offered and allow more complex financial topics to be covered in an individualized setting.

Beverly, Tescher, and Romich (2004) indicate that LMI taxpayers' most preferred time for education and savings interventions is in conjunction with tax preparation services. Currently, many VITA and TCE sites' marketing materials focus primarily on the availability of more prominent refundable credits such as the Earned Income Credit and Additional Child Tax Credit. While these credits are extremely important in the financial well-being of millions of households, other opportunities to encourage behavior change exist.

Education provided to individuals when they are most receptive to financial planning advice and education varies and may correspond to a major life event, such as being diagnosed with a serious or terminal illness (Palmer, Bhargava, & Hong 2006) or to a minor recurring event such as filing income taxes (Beverly et al. 2004). Significant increases in familiarity with financial planning strategies and topics are observed when financial education is provided in conjunction with tax preparation services and may in part reflect the teachable moment—a time when individuals are more receptive to education—tax preparation provides (Palmer, Harness, & Goetz, 2009).

Increasing awareness of beneficial financial planning opportunities for LMI individuals is straightforward when done in conjunction with tax preparation services because many incentives to engage in sound financial behaviors are embedded in the tax code. Some examples include: being gainfully employed (Earned Income Credit and Child Tax Credit); saving for retirement (Retirement Savings Contributions Credit); obtaining education (American Opportunity Credit, Lifetime Learning Credit, and other deductions or exemptions); setting money aside for health related expenses (Flexible Spending Account and Health Savings Account deductions and exemptions); and home ownership (mortgage interest deduction and potential exemption of gain on sale of home). The existence of tax-based incentives to modify personal financial behavior and engage in financial planning creates opportunities to initiate education with consumers' about these positive financial behaviors and inform them of the benefits. Tax preparation time—with access to clients' financial information—provides a structured one-on-one setting to initiate such conversations in meaningful, individualized ways with LMI clients.

Framework for Integrated Financial Education and Tax Preparation

Current Integrated Model

In spring 2010, as part of a student service-learning project, the University of Georgia financial planning program collaborated with UGA Cooperative Extension, Dalton State College, Moultrie Technical College, Georgia Federal Credit Union and other community partners to provide tax preparation and assistance to LMI households. Three

VITA sites were located strategically throughout the state. In an effort to capitalize on this teachable moment, financial education was provided in various formats to taxpayers. Financial education topics included basic money management, insurance, savings and investments, credit and debt management, and other tax-related topics such as flexible spending accounts and health savings accounts. Three strategies were used to provide the financial education to taxpayers after the completion of their tax returns which included exhibits, fact sheets, and one-on-one financial education provided by faculty, graduate students, and financial institution personnel. These providers were located in the same room as the tax preparers, but not at the same table. Taxpayers were encouraged, but not required, to look at exhibits and read and take the fact sheets provided. They were also not required to take advantage of the one-on-one financial education.

Based on observations at the three VITA sites, taxpayers were not very receptive to this passive form of integrating financial education and tax preparation. Most taxpayers did not spend time looking at the exhibits or reading the facts sheets, even when they were waiting to have their tax returns completed. The one-on-one financial education was available after their tax returns had been completed. Again, very few took the time to take advantage of this educational opportunity. Several possible reasons exist for the taxpayer's lack of interest in the various financial education opportunities provided at the VITA sites. One is that they came with a singular focus, to get their taxes prepared. A second is that they did not realize the relevance of the financial information to their particular financial situation, and it was simply easier to decide by default not to engage in the financial education. Another reason is simply time. After spending approximately an hour to get through the entire tax preparation process, going to another station to receive financial education may not sound too appealing. Given the observations from the three VITA sites and possible reasons for not engaging in the financial education component at the VITA sites, another form of integrating financial education and tax preparation is proposed.

Proposed BrOnIE Model

The proposed model includes several steps that begin during advertising and marketing of the VITA program and continue at the VITA sites before, during and after tax preparation. If tax filers are not taking advantage of the one-on-one financial education because of time, it is important to inform them before visiting the site of its availability, so they can factor in adequate time for tax preparation and financial education. Another way of dealing with the time factor, and other possible reasons discussed above, is to take an active approach to integrating individualized financial education into the tax preparation and filing process. When taxpayers enter the VITA sites, they can be given a copy of the fact sheets to read, and the VITA volunteer can invite them to read the materials while they are waiting. Giving them a copy, rather than leaving it up to them to pick up a copy, will increase the chance that they read it, and reading it may generate questions for the tax preparer specific to their tax situation.

To be prepared to answer questions and provide additional financial education relevant to the taxpayers during the tax preparation process, tax preparers can work in pairs. While one person is completing the tax return, the other person can provide focused, relevant financial education to the taxpayer. The tax preparer and his or her partner can have a "cheat sheet" that covers specific financial topics and/or other tax tips. Based on the information on the taxpayer's return, the tax preparer and his or her partner will provide financial education relevant to that taxpayer. Having a "cheat sheet" can increase the confidence and competence of the tax preparer and allow them to provide accurate and relevant information.

Financial education covers an array of topics and time does not permit all of these topics to be covered at VITA sites. Therefore, covering only those topics that can be easily integrated into tax preparation and assistance may be the best alternative. Potential educational topics that could be easily integrated into this model are flexible spending accounts, health savings accounts, forms of health insurance, retirement savings and the retirement savers' contribution credit, traditional and Roth IRAs, college savings accounts (some states offer deductions for contributions to their states 529 plan), child tax credit, additional child tax credit, earned income credit, and debt management (specifically student loans and mortgages). As savings strategies are discussed, natural discussions of budgeting and cash flow management will also occur including record keeping and tracking. Even though all the necessary financial education that can benefit individuals cannot be provided at one time through VITA, it does allow for BrOnIEs that can lead to meaningful improvements in financial behavior.

Because of the trust that is generated as part of the tax preparation process, even seemingly unrelated activities may be found to be effective. An excellent example of this is the MoTax project, which provided consumers with information on avoiding scams as part of their income tax preparation service.

Discussion and Conclusion

Programs currently exist that reach millions of LMI households annually with trusted one-on-one financial services. With small adjustments in the delivery of these services, a tremendous opportunity to provide brief one-on-one education to LMI individuals can be realized. Service-learning partnerships, Cooperative Extension, military tax centers, and other community based organizations can implement brief one-on-one financial education in combination with VITA by focusing first on specific financial education topics and then expanding that as volunteers and clientele express comfort with the topics. The centralized structure of the VITA effort, among both civilian and military sites, provides a powerful protocol through which brief one-on-one education interventions can be provided. Such targeted programming may supplement other financial education programs currently available to the public. This medium for financial education is very adaptable to a multitude of educational topics. Tax preparation time can become LMI households' annual financial check-up to help them initiate and stay on track with their financial plans.

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Incorporating Experiential Learning into Outreach

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Key Words: *financial education, experiential learning, interactive workshops, activity-based*

Target Audience and Time Required

The target audience is any financial professional providing financial literacy education to his or her community. The teaching tools provided are appropriate for participants ages 15-99 and were expressly designed for students, those living in low-income households, inmates, and the elderly. The interactive tools can take 5 minutes to 1 hour to explore fully.

Objective/Purpose

Entertaining while educating provides another level of learning and retention that lecturing alone can miss. Interactive games capture the "teachable moment" and increase the impact your audience experiences. By creatively adding games to traditional programming, audiences integrate all three learning styles (visual, auditory, and kinesthetic) to better understand the information being introduced. This engaging teaching style builds on basic information and encourages further class participation and discussion by serving as an icebreaker and as a supplemental learning tool. Memory of the experience promotes future critical thinking and reflective results.

The objective of this session is to provide additional teaching resources and opportunities for educators to gain added behavioral change from their participants. The experiential learning material presented is adaptable for many topic areas and will be readily shared with the audience for their use. For this forum's purpose, the focus will only be on financial topics.

The purpose of this session will be to introduce several interactive games and hands-on learning tools relating to goal setting, budgeting, banking, saving, debt management, credit, and predatory lending and to detail the use of these tools and the impact they have made on Northern Idaho Extension audiences.

Description

During this practitioner's forum, the participants will be introduced to (and play) a sampling of these new tools and games including:

- *Isle of Misfortune* – A "survivor" game that spotlights modifying, adapting or eliminating specific household expenses;
- *Pass the Pig* – An icebreaker and conversation starter used for various topics;
- *The Bucket List* – An aspiration activity which encourages visualization and prioritization of current and future goals;
- *The Jar Game* – A budgeting tool which illustrates the value of using a spending plan to meet variable, fixed and discretionary expenses;
- *The Bank of Life* – A simulated banking activity;
- *The Nail Game* – A visualization of balancing debt;
- *Credit Card BINGO* – An activity that focuses on the basics of credit, the importance of reading the fine print of a contract, and the 2009 Credit CARD rules;
- *Who's the Predator Now*? – An interactive activity used to introduce learners to the "face" of predatory lending; and
- *Piggy Full of Pennies* – A visual to encourage saving practices.

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Financial Literacy Program Innovations: Conception to Execution

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Sam Houston State University

Key Words: *students, money, programming*

Target audience

Higher education professionals, practitioners and counselors serving college students, college-bound students, and their families, as well as other financial literacy counselors looking to develop outreach programs.

Objectives/Purpose

Program participants will:

- Understand the importance of educating individuals through a variety of outlets, which include small and large-scale events.
- Learn how to effectively create and implement financial education programs from start to finish.
- Identify effective and budget friendly strategies to market financial literacy events within their realm.
- Understand the importance and execution of quality assessment in their financial education programming.
- Receive a packet of strategic planning information for both large and small scale events.
- Receive sample assessment instruments.

Description

This session will walk attendees through the creation and implementation of effective financial literacy education events at the collegiate level, and explain how these special programs can be implemented into any financial literacy outreach program. Special attention will be given to assessment, logistics, marketing, and budgeting for both large and small scale events. Timelines, strategic planning, and goal setting will also be covered.

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Trust and Financial Behavior Change

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Key Words: *trust, personal finance, financial counseling*

Target audience
AFCPE members.

Objectives/Purpose
Participants will:
1. Have a working definition of trust.
2. Replace traditional concepts of trust with new paradigms for trust.
3. Learn key behaviors essential for trust building within families and also for the financial education/counselor role.
4. Foster key behaviors in families working to be even more effective financial managers.
5. Incorporate key behaviors into financial education and counseling roles to be even more effective professionals.

Description
This session applies Stephen M.R. Covey's concepts presented in The Speed of Trust to both financial education and financial counseling. Covey suggests 13 key behaviors that build trust: talk straight, demonstrate respect, create transparency, right wrongs, show loyalty, deliver results, get better, confront reality, clarify expectations, practice accountability, listen first, keep commitments and extend trust. Financial educators and financial counselors need to be cognizant of the importance of these behaviors as they empower individuals and families to build financial success.

- Key trust concepts need to be applied to family financial education and also to the financial counselor role when working with families.

- It is time to do some myth busting about the concept of trust. Traditionally, we've thought of trust as soft, slow to build, built solely on integrity, once lost it can't be restored and you can't teach trust. New paradigms of trust suggest trust is hard, real and quantifiable; nothing is as fast as the speed of trust; it is a function of character and competence; it can be created or destroyed; trust can be restored and it can be taught, leveraged, learned and used to strategic advantage.

- Consistent with Covey's "trust tax," high working trust can also work to support high positive financial behavior change. Low working trust can be a limiting factor in positive financial behavior change.

Handouts and PPT are posted on: http://extension.missouri.edu/saline

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Using Stages of Change in Military Financial Counseling

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Key Words: *transtheoretical model, stages of change, military Servicemembers, financial behavior*

Target Audience
Military financial counselors; military Servicemembers

Objectives/Purpose
The objective of this forum is to expose attendees to the transtheoretical model of change (hereafter referred to as "stages of change") in a practical setting oriented towards the military. An overview of the stages of change will be provided, along with the opportunity for attendees to determine their own stage of change. Lastly, processes of change that can enable someone to move through the stages of change will be discussed. Upon completion of the forum the participant will:

1. Know basic information about the stages and processes of change.
2. Experience an assessment of stages of change which could be utilized in the financial counseling process with military Servicemembers.
3. Be familiar with interventions that may be useful in helping military Servicemembers change their financial behavior.

Description
As developed by Prochaska and DiClemente (1983) the transtheoretical model of change identifies stages that individuals go through in the change process, along with processes of change, or interventions, that may be helpful in moving clients through the stages. While originally utilized to help people quit smoking, this model has been shown to be useful in other situations, including changing financial behavior. This forum will begin with an overview of findings related to financial behavior, to include recent research into the stages of change of military enlisted Servicemembers at Ft. Hood, TX.

Once this introduction to stages of change is completed the participants will receive the short form of the URICA questionnaire; which is utilized to determine where an individual may be in the stage of change process. The five stages of change are precontemplation, contemplation, preparation, action, and maintenance. Participants will self-score their questionnaires and receive immediate feedback on their stage of change. This is the same questionnaire that was utilized in the Ft. Hood study.

Upon determining their stage of change, participants will then be provided an overview of the processes of change. These are interventions that have been developed over time to assist a person in moving through the stages of change and ultimately in changing their behavior. The 10 processes of change are consciousness raising, counterconditioning, dramatic relief, environmental reevaluation, helping relationships, reinforcement management, self-liberation, self-reevaluation, social liberation, and stimulus control. Strategies will be suggested to utilize the processes of change in assisting military Servicemembers to positively change their financial behaviors. Possible effects of these strategies will be discussed.

At the end of this forum, the participants will have obtained a basic knowledge of the stages of change, experienced the short form of the URICA questionnaire, evaluated their own stage of change, and received ideas on how to assist a client through the processes of change. They will then have practical ideas that could be utilized in counseling military Servicemembers on their finances, and assisting the Servicemembers to change their financial behaviors and improve their financial situation.

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Teaching Personal Finance Using New Technology

Barbara O'Neill[1], Rutgers University

Financial Counseling and Planning published an article by the National Endowment for Financial Education (2004) that described strategies to motivate Americans to improve their financial behaviors. In this piece, the importance of personalized instruction and interactive teaching methods that engage learners were described. The article also acknowledged that budgets and logistics often do not allow for individual coaching. Enter technology, which can be harnessed to make learning about personal finance fun and provide mechanisms for personal accountability. This workshop will discuss two instructional methods that have demonstrated positive impact: student-created PowerPoint games and an online challenge to track daily performance of recommended financial practices.

Objective/Purpose

1. Participants will learn about the methodology and impact of a student-created financial games grant project.
2. Participants will learn how to create PowerPoint games from available game templates.
3. Participants will view examples and receive free CDs of student-created PowerPoint games.
4. Participants will learn about the methodology and impact of a behaviorally-focused online challenge.

Description

Interactive PowerPoint Games **-** Ten participating teachers and two alternates received training covering the project methodology, content of the Council for Economic Education's *Financial Fitness for Life* curriculum, and process of creating *Jeopardy!* style PowerPoint games. Next, pre-tests were administered to over 350 students by the participating teachers before instruction began. The teachers had five months to teach the curriculum, have their students create PowerPoint games, and administer a post-test on curriculum content. The PowerPoint games were reviewed for content accuracy, grammar, and formatting prior to distribution. Differences between pre- and post-test scores were compared and analyzed to determine the effectiveness of the activity in teaching financial education concepts. Every teacher experienced some increase in average student scores and several saw large increases (e.g. 15 and 29 points). Below are some representative comments received from teachers on a follow-up online evaluation:

- ♦ *Working in teams to create the Jeopardy! games brought a new dimension to teaching personal finance.*
- ♦ *The greatest dynamic was the pride that several students were able to feel by being able to answer some questions before their classmates. This went a long way in building their self-esteem.*
- ♦ *Students liked the independence of creating their own questions, color schemes, etc.*

Online Challenge **-** The *Small Steps to Health and Wealth*™ (SSHW) *Challenge* helps participants put recommended practices into daily action. A pilot online *SSHW Challenge* was held early in 2010 with evaluation results obtained using a Zoomerang survey that was e-mailed to over 200 participants and completed by 74. Almost half (49%) of the respondents rated the online challenge as "very positive and motivational." Specific positive changes in their personal behaviors included: 69% ate healthier food, 46% increased their daily activity, 36% improved their spending habits, and 47% saved money with 46% saving less than $100 and 7% saving $501 or more. Among the best features of the online SSHW Challenge reported by respondents were daily health and wealth tips by e-mail and a reminder to record their progress each day. The *SSHW Challenge* is based on the performance of ten recommended practices on a daily basis. The five financial management practices are: save a $1 bill (or more) and/or pocket change; invest $5 or more per day (including automated deposits); track money spent throughout the day; eat lunch prepared at home; and learn something new about personal finance. One more pilot test of the online SSHW Challenge will be conducted. In 2011, licenses will be sold to those who wish to access administrative features of the Challenge Web site to create and evaluate their own customized online challenges.

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Motivating Women to Adopt Positive Financial Behaviors

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Key Words: *women, motivation, finance, change*

Abstract

Utah women shared their financial success stories and their motivations for financial behavior change in focus group interviews. Participants progressed through Prochaska's Transtheoretical Model Stages of Change and were motivated to change by life crises and transitions.

Seventeen women between the ages of 25 and 54 who self-identified as having made a positive financial change within the past two years were interviewed in four focus groups. Participants were asked to identify their motivations for financial behavior change.

After participants discussed the circumstances in their lives before they initiated change, a few main themes emerged that were experienced by a majority of participants. Negative emotions about their financial status, and fear in particular, were common. Other negative feelings about financial woes also surfaced such as guilt, embarrassment, anger, and jealousy. It was evident that negative emotions about finances worked as a catalyst for many of the women in their progression through the change process.

Connected to negative emotions about participants' financial situations before change were negative feelings about familial influences with regard to money management. Many participants expressed negative emotions not only about their own financial situations, but about the lack of familial support and guidance about financial matters provided early in life.

While emotion about financial difficulties played a large role in the change process for participants, the most compelling factor helping women achieve successful behavior change was their life transitions. For many, the realization of the need for change came as a result of some sort of life transition such as marriage, divorce, having children, entering or leaving school, moving from one location to another, and loss or gain of employment. These life changes did not serve as the main motivation for participants' changes, however, but often pushed them to evaluate their current situation and acknowledge existing problems.

Motivations for participants fell into two main categories: goal-centered and crisis-centered. When asked about the major motivator in the decision to change, the majority of participants spoke of personal goals that would lead them toward (1) changing their current financial situation, (2) changing their future financial situation, or (3) increasing their knowledge and confidence about financial terms, investment vehicles, and money management strategies.

A minority of participants were motivated to change by financial crisis. Although the number of women experiencing this type of motivation was small, the experiences described by all subjects in this category were strikingly similar to one another, and distinct from goal-centered participants' experiences. Women motivated by financial crisis each had two things in common. First, each woman experienced a complete lack of discretionary income at some time, a result of maxed credit cards and lack of liquid assets. Second, each reached the conclusion that change was imperative or serious consequences would result.

Nearly all participants made use of at least one form of support during their change, including educational, social, and professional support. Educational support was most commonly received through formal financial classes, financial literature, and information provided by the media such as television shows and internet sites. Social support from family and friends was crucial to many participants' success, particularly from parents and spouses. Professional support was provided mainly by financial planners, although one participant utilized a debt settlement company.

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As expected, the participants in this study experienced setbacks while attempting to make permanent changes. The setbacks themselves varied greatly among the individuals. However, two categories of setbacks emerged from the data. Internal setbacks, categorized as setbacks that came from within the participant, were most commonly manifested in the form of emotion or temptation. External setbacks were defined by participants as events that made continuing on the path of change difficult, such as unforeseen events or expenses.

Participants, consciously or unconsciously, utilized a variety of strategies to achieve their goals. The two most utilized strategies were optimism and the use of financial tricks. Women in this study expressed optimism both about their financial futures and about their abilities to succeed financially. Those women who knew themselves and their financial tendencies put financial tricks in place to avoid falling into previously experienced pitfalls. Some examples of financial tricks were limiting access to savings by banking in another state, using automated savings plans, rounding up to the next dollar while calculating grocery costs, and placing credit cards in an inaccessible location.

After data review, it became clear that change came as a process for many of this study's participants. Participants described their circumstances before change occurred and elaborated on familial influences, cognitions, emotions, financial status, and life transitions that occurred during this time. As many described the beginning of their change processes, it was clear that they had progressed through the contemplation or preparation stages of change as described in the Transtheoretical Model of Behavior Change (TTM). As answers to focus group questions progressed into the realm of personal change, it became evident that many participants had progressed from their earlier stages of contemplation and preparation to the critical action stage.

Suggestions for future research include further application of the TTM to financial behavior by studying individuals in the early stages of change, particularly precontemplation and contemplation. There is also a need for research on how helping professionals can assist in the progress of individuals stuck in early stages of change with further exploration of life transitions and individual goals as opportunities for change.

Implications for policy and practice include a need for the financial help sector (financial educators, planners, advisors) to develop marketing campaigns that effectively target individuals in the contemplation and preparation stages of change. Campaigns targeted toward individuals experiencing life transitions or financial crises could be effective in drawing those in need of change toward appropriate financial services.

A need for well-developed financial education programs targeted toward women also exists. Reaching women and providing financial change strategies, tools, and opportunities is crucial. Critical to developing these programs is considering social issues faced specifically by women.

Further, educators should consider the implications of this research by incorporating principles from the TTM in the planning and implementation of programs, taking into account key life events or transitions that could create opportunity for reflection on personal financial goals, planning for and creating help for potential internal and external setbacks faced by women during change, and providing support options for women during change (social, educational, and professional).