

America Saves

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on behalf of
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A majority of Americans express a desire to save and build wealth, and most have put at least some money away for future goals or expenses. Yet not all have confidence in their ability to save; many express concern that they are not saving enough for the future, and some believe that they simply do not have the ability to save successfully.

- Eight in ten would like to save money and build personal wealth (82%), and have set some money aside for one or more of their personal financial goals (80%).
- Yet, just two-thirds (65%) feel they have the ability to save money and build personal wealth, and 46 percent say they just don't earn enough to save regularly.
- Moreover, 60 percent say the phrase "I don't think I'm saving enough for the future" describes them somewhat or very well.

Not surprisingly, significant differences in both savings behavior and attitude emerge across economic strata; those who earn more tend to save more, and also tend to have more confidence in their ability to save. While all Americans are equally likely to say they would like to save money and build wealth, not all believe they can. These findings are particularly salient in light of previous research indicating that successful saving is as much about attitude and behavior as it is about income.

- Almost all Americans earning at least \$50,000 annually (96%) have set money aside for one or more personal financial goals. The same is true of 81 percent earning between \$20,000 and \$49,999, and 50 percent earning less than \$20,000.¹
- Eight in ten earning at least \$50,000 per year (82%) say they have the ability to save money and build personal wealth, compared with 56 percent earning \$20,000 to \$49,999.

¹Unless otherwise indicated, reported differences are significant at the .95 level.

- Conversely, Americans earning \$20,000 to \$49,999 are more likely than those in higher income strata (68% vs. 56%) to feel they are not saving enough for the future.
- More than half of those earning \$20,000 to \$49,999 (58%) feel they do not earn enough to save regularly, compared with 29 percent of those earning \$50,000 or more.
- A majority of those earning \$50,000 or more (57%) have prepared a financial plan. The same is true of just one quarter of Americans earning \$20,000 to \$49,999 (28%).

To further explore differences in attitudes toward saving and their impact on savings behavior, a factor analysis was performed on nine attitudinal measures. Three saving "types" emerge, each with distinct characteristics.

- The *Strapped and Struggling* want to save and build wealth but feel they lack the ability to do so. They do not save regularly, feel they do not earn enough to save regularly, and have difficulty paying bills. Typically young African-American or Hispanic parents earning under \$50,000, *Strugglers* rent rather than own, have trouble meeting basic living expenses, lack a financial plan, and have had little success saving for the future.
- *Older and Wiser* Americans also want to save and build wealth, but feel no pressure to have what others have and have little difficulty paying bills. *Older and Wisers*, typically older white Americans with no children at home, feel they earn enough to save regularly and that they are saving enough for the future. They have a financial plan, own their homes, have high household assets, and have been successful saving for future goals.
- *Free Spenders* do not keep track of where their money is spent each month, but earn enough to save regularly and feel they are saving enough for the future. They tend to be young college graduates with incomes above \$50,000, who live comfortably and have high household assets. Free spenders do not always have a financial plan, and admit feeling some pressure to have what friends and neighbors have.

The messages, incentives and services of the America Saves program, designed specifically to help low to middle income Americans save more successfully, were tested on a national sample including each of these savings types, as well as members of different income strata. Results indicate that program components resonate most effectively with those in the \$20,000 to \$49,999 income range, and with *Strapped and Struggling* Americans. These two groups are significantly

more likely than others to want information about many savings topics, including developing a financial plan, cutting expenses and reducing debt, and building an emergency fund. They are also more likely to express interest in free financial services, such as pamphlets, workshops/seminars, and videos about saving and building wealth. They are slightly more influenced than other types of savers or those in other income strata by gifts and incentives, and their interest in services is sometimes affected by who sponsors financial services and how information is framed (i.e. pamphlet titles). Interestingly, however, messages about successful savings strategies do not resonate with lower income Americans or *Strapped and Struggling* savers as they do with those in higher income strata, with *Older and Wiser* savers, and even with *Free Spenders*.

These are among the findings of a national survey of 1,637 financial decision-makers age 18 and older living in the continental United States. The survey, conducted by Princeton Survey Research Associates on behalf of the Consumer Federation of America and Bank of America, explored financial decision-makers' savings attitudes, behaviors, and goals, and measured their responses to various components of the America Saves program. Interviews were conducted by phone, in English and in Spanish, between September 11 and November 1, 2000. The margin of sampling error for results based on the total sample is plus or minus three percentage points at the 95 percent level of confidence.

Detailed findings follow.

Savings Attitudes

When asked to describe their own personal financial situation, most Americans report living comfortably (40%) or meeting their expenses with some left over for extras (30%). Just nine percent report not having enough money to meet their basic living expenses. Moreover, while about one quarter (28%) report living from paycheck to paycheck all or most of the time, about half (46%) say they hardly ever or never do this.

Respondents were asked how well—very, somewhat, not too, or not at all—nine attitudinal statements about saving describe them. While a large majority say they like to know exactly where their money is spent each month and that they would like to save money and build wealth, many do not save on a regular basis and worry about their ability to save for the future. Most (61%) have not prepared a financial plan or had a professional prepare one for them.

- Eighty-eight percent like to know exactly where their money is spent each month.
- More than half (58%) have a habit of saving money regularly, like clockwork.
- Eighty-two percent would like to save money and build personal wealth.
- Yet, just two-thirds (65%) feel they have the ability to save money and build personal wealth.
- Six in ten (60%) don't think they are saving enough for the future.
- Almost half (46%) say they don't earn enough to save regularly.
- About half (51%) prefer not to think about money.

Not surprisingly, significant differences in attitudes toward saving emerge across economic strata. Americans who earn more not only tend to save more, but also tend to have more confidence in their ability to save; while people are equally likely to say they would like to save money and build wealth, not all believe they can.

- Eight in ten of those earning at least \$50,000 per year (82%) say they have the ability to save money and build personal wealth, compared with just 56 percent of those earning \$20,000 to \$49,999.

- Conversely, 68 percent of those earning \$20,000 to \$49,999 feel they are not saving enough for the future, compared with 56 percent of those in higher income strata.
- While 58 percent of those earning \$20,000 to \$49,999 feel they do not earn enough to save regularly, the same is true of just 29 percent of those earning \$50,000 or more.
- More than half of those earning \$50,000 or more (57%) have prepared a financial plan or had a professional prepare one for them. Just one quarter of Americans earning \$20,000 to \$49,999 (28%) have prepared a financial plan.

Savings Goals and Behavior

Eighty percent of households have started to save, with assets earmarked for a variety of financial goals:

- A majority (71%) have put at least some money away for emergencies, 39 percent of whom keep the money in a separate account or investment.
- About two-thirds (65%) of those not already retired have begun saving for retirement, including 52 percent who keep their retirement money in a separate account.
- Among those already retired, 57 percent have money saved or invested to help support them in retirement.
- About half of those saving for a child's education (53%) or a major purchase (49%) have begun setting money aside for that goal.
- Among non-homeowners who plan to buy a home within the next ten years, just one third (33%) have begun saving for a down payment.

As would be expected, savings behavior varies across economic strata, with those who earn more generally saving more. Saving also varies across gender, race and marital status:

- Virtually all of those earning at least \$50,000 annually (96%) have set money aside for one or more financial goals.
- Eighty-one percent earning between \$20,000 and \$49,999, and 50 percent earning less than \$20,000 each year have set money aside for one or more financial goals.
- More men than women (85% vs. 77%) have started saving for at least one financial goal.

- Eighty-four percent of whites have set money aside for at least one financial goal, compared with 73 percent of African-Americans and 66 percent of Hispanics.
- Eighty-five percent of married people have begun saving for future goals, compared with three-quarters (74%) of those who are not married.

As previous research has found,² attitude is as important as income in determining one's savings behavior. Controlling for income reveals that preparing a financial plan and believing in one's own ability to save can have a significant impact on savings behavior (see Table 1).

	<u>Plan</u>	<u>No Plan</u>	<u>Have Ability to Save</u>	<u>Don't Have Ability to Save</u>
Less than \$20,000	82	62	79	53
\$20,000 to \$49,999	100	88	97	85
\$50,000 or more	98	94	98	86

In addition to savings behavior, the survey asked about household credit card debt, accounts and investments, and home equity where applicable to gain a sense of net household assets. Most households (78%) have credit cards or charge accounts, and the average household owes approximately \$900 on all accounts combined. Forty-four percent usually pay the entire amount due on each bill, while one in ten (9%) report paying only the minimum. Forty-six percent pay something in between the full amount and the minimum due.

On average, each household reports about \$18,000 in all accounts and investments, although 22 percent report less than \$5,000. When asked to estimate the value of the equity in their homes, the typical homeowner reports \$67,000—17 percent value the equity in their homes at less than \$20,000, while 27 percent value it at \$100,000 or more.

² See, for example, a survey of 1,770 financial decision-makers, conducted between January 17 and February 23, 1997 by Princeton Survey Research Associates on behalf of NationsBank and the Consumer Federation of America.

When debts and accounts/investments are calculated against one another, slightly more than half of households (55%) report net assets greater than \$100,000. About one in five (20%) report assets between \$10,000 and \$100,000, and one in six (17%) between \$0 and \$10,000. Just eight percent report net assets less than zero. Not surprisingly, those earning at least \$50,000 annually are more likely than others (48% v. 10%) to have net household assets of \$300,000 or more; four in ten (40%) of those earning less than \$50,000 report net household assets less than \$10,000.

Savings Information and Services

The survey measured financial decision-makers' responses to different messages, strategies and incentives of the America Saves program. When asked the utility of specific savings strategies, most respondents (79%) indicate that saving a fixed amount each month would be the most useful strategy in helping them save more. About seven in ten say that developing a comprehensive long-term financial plan (69%), saving automatically each month through payroll deductions (68%), saving through an IRA (68%) or paying off consumer debts (67%) would be very or somewhat useful in helping them save more. Slightly fewer (63%) say that setting a specific financial goal would be useful.

Among those who are not yet retired, eight in ten (80%) say that participating in an employer's retirement plan would be somewhat or very useful in helping them save more. About seven in ten homeowners (68%) feel that paying off their mortgage before retiring would be a useful strategy, while 61 percent of non-homeowners say that buying a home and building equity through mortgage payments would help them.

Those in the middle (\$20,000 to \$49,999) and upper (\$50,000 or more) income strata are equally likely to view each strategy as useful, with the exception of developing a long-term financial plan and investing in an IRA. Those earning at least \$50,000 are more likely than those in the middle income group to say that developing a long-term financial plan (85% vs. 71%) and saving through an IRA (80% vs. 72%) would help them save more.

Respondents' interest in information about various savings topics also varies by economic strata. With the exception of saving to buy a home, those in the middle income group express the most interest in each of the six topics asked about in the survey (see Table 2).

	<u><\$20,000</u>	<u>\$20,000-\$49,999</u>	<u>\$50,000+</u>
How to cut expenses to save more	56	65	45
How to develop a financial plan	53	60	42
How to plan for retirement	42	58	43
How to build/maintain an emergency fund	51	56	33
How to reduce your debt	50	53	35
How to save to buy a home	41	36	16

When asked about free financial services, about half of all respondents (52%) report being very or somewhat interested in one-on-one financial planning offered by a non-profit agency they trusted. Most of those (71%) prefer one-on-one planning that takes place *in person*. When asked about other free financial services, respondents are most interested in services they can utilize at their leisure, such as pamphlets (51%), web sites (46%) or videos (38%). As is the case with savings information, those earning \$20,000 to \$49,999 per year are more likely than higher income groups to express interest in each of the services asked about (see Table 3).

The survey also explores the appeal of different incentives and gifts. When asked about various gifts, most prefer either a copy of the book *The Millionaire in You* or a slide calculator to a calendar, memo pad or T-shirt. When asked which incentives would make them more likely to try free financial services, about four in ten say a share in a stock mutual fund worth \$25 (44%) or a U.S. Savings Bond worth \$25 (41%) would make them at least somewhat more likely. The least appealing incentive is a drawing for a free financial planning session, which just one-quarter (26%) of respondents say would make them more likely to try a nonprofit agency's free financial services.

Table 3: Percent of Income Group Interested/Very Interested In Each Service

	<\$20,000		\$20,000-\$49,999		\$50,000+	
	<u>Total</u>	<u>Very</u>	<u>Total</u>	<u>Very</u>	<u>Total</u>	<u>Very</u>
Pamphlets explaining the best ways to save/ build wealth	49	23	61	29	55	16
A web site with information on saving/building wealth	37	16	51	24	57	22
Videos about reducing debt, saving and building wealth	43	18	49	21	38	13
Seminars on retirement planning	33	12	44	18	42	12
Motivational workshops on saving/building wealth	40	18	43	15	32	8
Seminars on homeownership	37	17	34	15	22	7
Online chat groups that discuss saving/ building wealth	28	10	24	10	19	4
A group/club that meets to talk about saving/ building wealth	33	11	28	8	21	4

Free financial services are more or less appealing depending on who sponsors them. About one in five say they would be *much* more likely to try free financial services if they were sponsored by their employer (23%), bank or credit union (23%) or church (22%). Fewer say they would be more likely to try services if they were sponsored by the U.S. Department of Labor (10%), the Consumer Federation of America (8%), a local consumer group (8%) or a local labor union (7%).

Table 4 indicates which of a series of true statements about saving respondents find most convincing. Income influences responses to some items; those earning \$50,000 or more are more likely than those in the middle income group to find "The saving habit is more important than how much one saves" (55% vs. 45%) and "The miracle of compounding interest makes it easy to save long term and build wealth" (44% vs. 36%) *very* convincing.

Table 4: Percent Who Find Each Statement Convincing/Very Convincing

	<u>Total</u>	<u>Very</u>
Putting money away automatically through payroll deduction or checking transfer makes saving and building wealth much easier. What you don't see, you won't miss.	81	55
The saving habit is more important than how one saves. The key thing is spending less than you earn and saving the difference.	80	47
Paying off the mortgage on your home before you retire will not only lower housing expenses considerably, but will also provide a valuable asset that can be sold or borrowed on.	79	50
The miracle of compounding interest makes it easy to save long term and build wealth. Investing only \$25 a week for 40 years at 5% will grow to nearly \$170,000.	73	37
Someone earning only \$25,000 a year will receive one million dollars over 40 years. Saving as little as \$1,000 a year can result in an accumulation of over \$200,000.	70	32
Research shows that people in every income group can save. One low-income woman who washed clothes for a living saved \$280,000 in her lifetime.	63	28

When asked which of a series of pamphlet titles piqued their interest, most said that "Building Wealth Is Easier Than You Think" (56%) and "Put Your Money To Work So You Don't Have To" (55%) would make them pick up and read a pamphlet. The least effective title of those asked about was "Show Me The Money" which only 37 percent said would pique their interest enough to read the pamphlet. Three titles were more effective with those in the middle income group than with those earning more: "Anyone Can Save \$10,000, And Maybe Even \$100,000," "Build Wealth To Gain Peace Of Mind," and "Show Me The Money."

Types of Savers

A factor analysis of nine attitudinal measures toward saving and wealth building reveals three distinct groups or types of savers, each with their own characteristics and behaviors (outlined below).

Type One: Strapped and Struggling

Tend to...

- Earn less than \$50,000
- Be African-American or Hispanic
- Be younger than 55
- Have not attended college
- Be female
- Have kids under 18 living at home
- Rent rather than own their homes
- Have household assets under \$10,000
- Not have a financial plan
- Have trouble meeting basic living expenses
- Live paycheck to paycheck
- Have saved for only some or none of their future goals/expenses

Describe themselves as...

- Not saving regularly, like clockwork
- Not having the ability to save/build wealth
- Wanting to save/build wealth
- Not earning enough to save regularly
- Having difficulty paying the bills
- Preferring not to think about money
- Not saving enough for the future

Type Two: Older and Wiser

Tend to....

- Be age 55 or older
- Have no kids under 18 living at home
- Be white
- Be retired
- Own their own homes
- Have household assets of at least \$100,000
- Have a financial plan
- Easily meet expenses and live comfortably
- Have saved for all future goals/expenses

Describe themselves as...

- Not feeling pressure to have what friends/neighbors have
- Not having difficulty paying the bills
- Wanting to save/build wealth
- Earning enough to save regularly
- Saving enough for the future
- Knowing where their money is spent each month
- Having the ability to save/build wealth
- Saving regularly, like clockwork

Type Three: Free Spenders

Tend to...

- Earn \$50,000 or more
- Be younger than 55
- Have attended college
- Be male
- Have household assets of at least \$100,000
- Easily meet expenses and live comfortably
- Not have a financial plan
- Have saved for only some or none of their future goals/expenses

Describe themselves as...

- Not knowing exactly where their money is spent each month
- Saving enough for the future
- Earning enough to save regularly
- Feeling some pressure to have what friends/neighbors have
- Having the ability to save/build wealth
- Preferring to think about money
- Wanting to save/build wealth

These three types of savers have distinct reactions to the components of the America Saves program. In terms of saving strategies, *Older and Wisers* are more likely than both *Strugglers* and *Free Spenders* to say the following strategies would be *very* useful in helping them save more: saving a fixed amount each month (62% vs. 51% and 54%), saving automatically through payroll deductions (56% vs. 44% and 49%), developing a long-term financial plan (51% vs. 38% and 42%), investing in an IRA (53% vs. 37% and 47%) and participating in an employer's retirement plan (71% vs. 58% and 62%).

While *Older and Wisers* seem to have learned what saving strategies work for them, *Strapped and Struggling* savers are in need of information. As Table 5 indicates, *Strugglers* report more interest in each of the six topics asked about in the survey than do *Older and Wisers* and *Free Spenders*.

Table 5: Percent of Saving Type Who Want More Information About Each Topic

	<u>Strapped and Struggling</u>	<u>Older and Wiser</u>	<u>Free Spenders</u>
How to cut expenses to save more	64	39	48
How to develop a financial plan	58	34	47
How to build/maintain an emergency fund	57	29	37
How to reduce your debt	56	27	38
How to plan for retirement	52	35	43
How to save to buy a home	35	16	28

Moreover, six in ten *Strapped and Struggling* savers (62%) would be interested in free one-on-one financial planning offered by a nonprofit agency they trusted, including one in four (26%) who would be *very* interested. Just 44 percent of *Older and Wisers*, and 54 percent of *Free Spenders* express interest in free financial planning, likely because the former already have a financial plan and many of the latter feel they do not need one. Table 6 shows the percent of each type of saver interested in each of the other eight free financial services asked about.

Table 6: Percent of Saving Type Interested/Very Interested In Each Service

	Strapped and Struggling		Older and Wiser		Free Spenders	
	<u>Total</u>	<u>Very</u>	<u>Total</u>	<u>Very</u>	<u>Total</u>	<u>Very</u>
Pamphlets explaining the best ways to save/ build wealth	56	24	46	16	52	20
A web site with information on saving/building wealth	45	20	42	17	54	22
Videos about reducing debt, saving and building wealth	47	20	30	11	38	14
Seminars on retirement planning	40	16	33	11	39	12
Motivational workshops on saving/building wealth	44	16	28	8	32	11
Seminars on homeownership	34	15	18	6	29	11
Online chat groups that discuss saving/building wealth	24	8	13	5	24	8
A group/club that meets to talk about saving/ building wealth	31	8	19	5	24	6

In terms of gifts and incentives, all three groups favor a copy of the book *The Millionaire in You* or a slide calculator as a gift accompanying free financial services. *Strapped and Struggling* savers are especially likely to prefer a copy of *The Millionaire in You*, while *Older and Wiser* savers are more likely than other groups to say they prefer none of the gifts mentioned. The latter group is also more likely to say that incentives such as a share in a stock mutual fund, a \$25 savings bond, a sweepstakes or drawing, or free membership in a local price club make no difference in whether they would try the financial services asked about. *Strapped and Struggling* savers, in contrast, are more likely than *Older and Wiser*s to say that each of these incentives would make them more likely to try free financial services, and are especially more likely than all other savers to find a U.S. Savings Bond worth \$25 (40% vs. 28%) or a drawing for a savings bond worth \$200 (50% vs. 37%) an appealing incentive.

While about one quarter of each group say they would be *much* more likely to try financial services if they were offered by their church, their local bank or credit union, or their employer, different types of savers have different preferences when it comes to other financial service sponsors asked about. *Strapped and Struggling* savers, for instance, are more likely than both *Older and Wiser* and *Free Spenders* to say that they would be more likely to try free financial services if they were sponsored by a local nonprofit credit counseling service or a local labor union. Moreover, both *Strapped and Struggling* savers and *Free Spenders* are more likely than *Older and Wiser* savers to say they would be *much* more likely to try services sponsored by the Consumer Federation of America or the U.S. Department of Labor.

	Strapped and Struggling		Older and Wiser		Free Spender	
	Total	Very	Total	Very	Total	Very
The saving habit is more important than how one saves. The key thing is spending less than you earn and saving the difference.	77	42	84	52	79	46
Paying off the mortgage on your home before you retire will not only lower housing expenses considerably, but will also provide a valuable asset that can be sold or borrowed on.	76	48	81	54	80	46
Putting money away automatically through payroll deduction or checking transfer makes saving and building wealth much easier. What you don't see, you won't miss.	74	47	84	61	83	55
The miracle of compounding interest makes it easy to save long term and build wealth. Investing only \$25 a week for 40 years at 5% will grow to nearly \$170,000.	68	30	75	41	75	39
Someone earning only \$25,000 a year will receive one million dollars over 40 years. Saving as little as \$1,000 a year can result in an accumulation of over \$200,000.	64	29	72	34	73	32
Research shows that people in every income group can save. One low-income woman who washed clothes for a living saved \$280,000 in her lifetime.	58	28	67	30	63	26

As Table 7 indicates, *Older and Wiser* savers and *Free Spenders* are generally more likely than the *Strapped and Struggling* to say they find each of the statements about successful saving strategies convincing. Messages about the power of automatic saving and the saving habit are especially likely to resonate with these groups, while the idea that people in every income group can save is the least convincing for all three types of savers.

Table 8 demonstrates that a slight majority of all three types of savers find the titles "Anyone Can Save \$10,000, And Maybe Even \$100,000," "Building Wealth Is Easier Than You Think" and "Put Your Money To Work So You Don't Have To" effective. In contrast, only about four in ten in each group find the title "Bring Out the Millionaire In You" compelling. "Show Me The Money" is also less effective, although it resonates more among *Strapped and Struggling* savers than among the other two groups.

Table 8: Percent of Saving Type Who Find Each Title Effective

	<u>Strapped and Struggling</u>	<u>Older and Wiser</u>	<u>Free Spender</u>
Anyone Can Save \$10,000, And Maybe Even \$100,000	57	50	54
Building Wealth Is Easier Than You Think	56	55	56
Put Your Money To Work So You Don't Have To	56	57	52
Build Wealth To Gain Peace of Mind	50	46	50
It's About Building Wealth	44	43	45
Show Me The Money	42	33	38
Bring Out the Millionaire In You	41	39	43

Appendix A

Survey Methodology
Factor Analysis
Annotated Questionnaire

Methodology

The survey results are based on telephone interviews with a nationally representative sample of 1,637 financial decision-makers age 18 and older living in continental United States telephone households. Interviews were completed in both English and Spanish, according to the preference of the respondent. The interviews were conducted from September 11 through November 1, 2000.

Sample Design

The sample for this study was designed to generalize to financial decision-makers in continental U.S. telephone households, and to allow separate analyses of responses by African-Americans and Hispanic respondents. We employed PSRA's customized "consolidated" oversample design to achieve these objectives in a cost effective manner. This design uses random-digit dialing (RDD) methods, but telephone numbers are drawn disproportionately from area code-exchange combinations with higher than average density of African-Americans and/or Hispanics households.³ This method increases the proportion of respondents in these target categories, but special weighting adjustments are required to restore the overall representativeness of the sample. The specifics of the composition of survey returns and weighting factors is described in Table 1.

For this consolidated sample, standard *list-assisted* RDD methodology was used so that only working banks of telephone numbers were selected. A *bank* is defined as 100 contiguous telephone numbers, and a *working* bank contains one or more residential listings. This method allows the inclusion in the sample of households that have received a telephone number in a new exchange. Households assigned to new exchanges are likely to have recently moved or experienced a disruption in their telephone service due to some other cause.

Calling Procedures

Interviews were conducted during the period September 11 to November 1, 2000. At least 20 attempts were made to complete an interview at every sampled telephone number. Sample was released for interviewing in replicates, which are random subsamples of the larger sample. Using replicates to control the release of sample ensures that complete call procedures are

followed for the entire sample. The use of replicates also ensures that the regional distribution of numbers called is appropriate. Again, this works to increase the representativeness of the final sample.

Calls were staggered over times of day and days of the week to maximize the chance of making contact with potential respondents. All interview breakoffs and refusals were re-contacted at least once in order to convert them to completed interviews. Each household received at least one daytime call in an attempt to find someone at home. In each contacted household, interviewers asked to speak with the person who usually makes the financial decisions for the household. If this person was not available, interviewers scheduled a time to call back.

Data Collection

In order to improve the quality of the data, the questionnaire was pretested with a small number of respondents. The pretest was monitored by PSRA staff and conducted using experienced interviewers who could best judge the quality of the answers given and the degree to which respondents understood the questions. Modifications were made to the questionnaire based on the monitored pretest interviews.

Weighting

The weighting of these survey data was accomplished through a two-stage weighting procedure. The first stage of the weighting process involved the calculation of stratum weights necessary to compensate for the disproportionate sample selection. Demographic weighting was used in the second stage of weighting to bring the characteristics of the sample into alignment with the demographic characteristics of the population.

The demographic weighting parameters were derived from a special analysis of the most recently available Census Annual Demographic File (from the March 1999 Current Population Survey). This analysis produced population parameters for the demographic characteristics of telephone households in the continental United States. These population parameters were then compared with the sample characteristics to construct sample weights. The data were weighted

³ The RDD telephone sample was provided by Survey Sampling, Inc. (SSI), who also maintain the minority group density information required by this design.

on the demographic distributions of home ownership, number of adults living in the household, number of children under age 18 living in the household and region.

The final weights were derived using an iterative technique that simultaneously balances the distributions of all weighting parameters and takes into account the first stage weight. After an optimum sample balancing solution was reached, the weights were constrained to fall within the range 1 to 4.00.

First Stage -- Sample Weight

All completed interviews from the consolidated sample were given a first stage sample weight based on the level of disproportionality imposed by the sample design. This weight was calculated to bring the distribution of total phone numbers dialed across strata into alignment with the actual distribution of telephone numbers across strata.

Strata	Total phone number distribution	Sample distribution	First stage sample weight
1A – High density black (45%+)	3.9%	9.6%	0.41
1B – High density Hispanic (30%+)	4.9%	12.9%	0.38
2A – Moderate density black (20-44%)	8.1%	10.7%	0.76
2B – Moderate density Hispanic (10-29%)	10.3%	18.6%	0.55
3 – Other	72.8%	48.2%	1.51

Second Stage -- Demographic Weight

In the second weighting stage, the demographic characteristics of the sample were weighted to parameters of home ownership, number of adults living in the household, number of children under age 18 living in the household and region. These parameters came from a special analysis of the March 1999 Current Population Survey data. The analysis looked at only households in the continental United States that have a telephone for comparability to the sample.

This stage of the weighting process, which incorporated each respondent's first stage weight, was accomplished using Sample Balancing, a special iterative sample weighting program that simultaneously balances the distributions of all variables using a statistical technique commonly referred to as the "Deming Algorithm." Table 2 presents distributions of the demographic variables used to weight the data.

Table 2: Weighting Demographics

	CPS Parameter	Unweighted Sample	Weighted Sample
Home Ownership			
Own	68.7%	60.0%	67.4%
Rent/Other	31.3%	40.0%	32.5%
Missing		0.1%	0.1%
Number of Adults			
One	30.9%	30.4%	30.4%
Two	54.7%	53.7%	53.9%
Three+	14.4%	14.4%	14.1%
Missing		1.5%	1.6%
Number of Children			
None	63.6%	57.2%	61.4%
One	15.2%	17.2%	15.1%
Two	13.7%	14.1%	13.5%
Three+	7.6%	9.4%	7.7%
Missing		2.1%	2.3%
Region			
Northeast	19.6%	18.1%	19.7%
Midwest	23.8%	18.8%	23.4%
South	35.3%	38.9%	35.6%
West	21.3%	24.3%	21.3%

Inferences from a Complex Sample

PSRA calculates the effects of the sample design on the statistical efficiency of the sample, so that an adjustment can be incorporated into tests of statistical significance when using these data. This so-called "design effect" or "*deff*" represents the loss in statistical efficiency that results from systematically undersampling (through sample design and non-response) parts of the population of interest. PSRA calculates the design effect for a sample of size n , with each n_i having a weight, wt_i as:

$$deff = \frac{n \sum_{i=1}^n wt_i^2}{\left(\sum_{i=1}^n wt_i \right)^2}$$

The square root of the design effect should be multiplied by the standard error of a statistic in computing confidence intervals or tests of statistical significance. Thus, the formula for computing the 95 percent confidence interval around a percentage p is:

$$\hat{p} \pm \left(\sqrt{deff} \times 1.96 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}} \right)$$

where \hat{p} is the estimate of the true population proportion, p , and n is the number of unweighted sample cases in the group being considered. Table 3 shows the design effects and margins of error for several subgroups of the sample.

	Design Effect	Margin of Error ⁴
Total Sample	1.23	2.7%
White, not Hispanic	1.15	3.3%
Black, not Hispanic	1.26	6.9%
Hispanic	1.28	6.5%

Response Rate

Table 4 presents a full disposition of all sampled telephone numbers. Interviewers contacted 74 percent of the sampled residential telephone numbers and 62 percent of these agreed to complete the interview. Excluded from this base of "residential telephone numbers" are all non-sample numbers listed in Table 4, plus 9 out of ten "no answer" numbers. These are numbers that were called over 10 times throughout the field period and were coded as "no answer" at every attempt.

<i>Dialed numbers</i>	8,757
Disconnected	1,779
Business/ Government	1,360
Computer/Fax	502

⁴ The margin of error represents the size of the confidence interval around 50% and is the largest confidence interval for any estimated proportion.

Non-residential/ Blocked	176
90% No Answer All Attempts	<u>420</u>
<i>Working numbers</i>	4,520
<hr/>	
Working Rate	52%
<hr/>	
10% No Answer All Attempts	47
Answering Machine	202
Busy	54
Call Back	224
Language/Health	620
NA/Away	<u>34</u>
<i>Contacted numbers</i>	3,339
<hr/>	
Contact Rate	74%
<hr/>	
Refused	<u>1,281</u>
<i>Cooperating numbers</i>	2,058
<hr/>	
Cooperation Rate	53.8%
<hr/>	
No one 18+ in household	89
No financial decision-maker	<u>250</u>
<i>Eligible numbers</i>	1,719
<hr/>	
Eligibility Rate	84%
<hr/>	
Partial	<u>82</u>
<i>Completed numbers</i>	1,637
<hr/>	
Completion Rate	95%
<hr/>	
Final Response Rate	43%

Ninety-five percent of the respondents who started the interview completed the entire survey. Thus, the overall response rate for this study is 43 percent (the product of a 74% contact rate, 62% cooperation rate and a 95% completion rate).

Factor Analysis

PSRA conducted factor analysis to further explore the underlying attitudes that help explain views toward savings and savings behavior. Factor analysis is a statistical technique that helps identify a relatively small number of underlying dimensions—or factors—represented by a larger number of measures or, in this case, question items. These factors were then used to group a national sample of "savers" into discrete groups, whose members are similar to one another in terms of savings goals, attitudes and behaviors, and are different from other groups of individuals in terms of these same characteristics. This segmentation gives *The Consumer Federation of America* and *Bank of America* a richer picture of different types of savers than is possible through traditional subgroup analysis based on demographic characteristics such as income or age.

A section of the America Saves survey was designed specifically to identify common factors underlying savings behavior. The survey included three general categories of items used to distinguish different groups of savers nationwide: interest in saving and building wealth, actual saving behavior, and perceived barriers to saving (see below). Respondents were asked how well nine different items described them on a four-point response scale of very well (1), somewhat well (2), not too well (3), or not at all (4).

Category One: Interest in Saving/Building Wealth

- I would like to save money and build personal wealth
- I prefer not to think about money
- I don't think I'm saving enough for the future

Category 2: Saving Behavior

- I have a habit of saving money regularly, like clockwork
- I like to know where my money is spent each month
- I have difficulty paying my monthly bills

Category 3: Perceived Barriers to Saving

- I just don't earn enough to save regularly
- I feel pressure to have the things my friends and neighbors have
- I have the ability to save and build personal wealth

A correlation matrix was computed to ensure that the measures were all related to one another, and then responses to the nine items were used to extract underlying factors (“don't know/refused” responses were recoded to the mean of the possible range of responses).

Principal components analysis was used to extract the smallest number of factors which would account for the greatest percentage of total variance, thereby providing the most parsimonious solution. Three components with *eigenvalues* greater than 1 emerged, which account for better than 50 percent of the total variance of the nine items.

Figure 1: Factor Loading Scores for 9 Savings Measures

	<u>Factor 1</u>	<u>Factor 2</u>	<u>Factor 3</u>
I have the ability to save money and build personal wealth	.794		
I have a habit of saving money regularly, like clockwork	.768		
I would like to save money and build personal wealth	.499	.499	
I feel pressure to have the things my friends and neighbors have		.749	
I have difficulty paying my monthly bills	-.458	.538	
I just don't earn enough money to save regularly	-.464	.495	.428
I don't think I'm saving enough for the future		.469	.438
I like to know exactly where my money is spent each month			.750
I prefer not to think about money			.392

***Because of a 4-point response scale in which (1) is "describes me very well" and (4) is "describes me not at all," large positive factor loadings represent a strong *negative* correlation between an item and an underlying factor or component.**

Varimax rotation was performed on this solution to better differentiate the three factors from one another and to increase their interpretability. The final result was three unique and uncorrelated (orthogonal) factors, whose factor loading scores appear in Figure 1 (only scores greater than .30 are included). As this table indicates, several items "smear," or load equally, across groups; this is likely due to the relatively small number of items used to identify underlying factors. Additional research incorporating more items and dimensions of savings attitudes and

behaviors would be necessary to explore subsets of these three groups and to draw stronger, more precise boundaries around each group.

Using this three-factor solution, factor scores were estimated for each case, and respondents were grouped according to their highest correlation with any one of the three factors. This analysis produced a rudimentary typology of three fairly distinct, describable groups of savers, into which the total sample was divided: Strapped and Struggling (32%), Older and Wiser (41%), and Free Spenders (27%). The individual measures with the highest factor loading scores for each type of saver are listed below.

Strapped and Struggling...

- I do not have the ability to save/build personal wealth
- I do not have a habit of saving money regularly, like clockwork
- I have difficulty paying my monthly bills
- I just don't earn enough to save regularly

Older and Wiser...

- I do not feel pressure to have the things my friends/neighbors have
- I do not have difficulty paying my monthly bills
- I earn enough to save regularly
- I think I'm saving enough for the future

Free Spenders...

- I do not know exactly where my money is spent each month
- I think I'm saving enough for the future
- I earn enough to save regularly
- I prefer to think about money

To evaluate the accuracy and interpretability of the resulting typology, the groups were evaluated substantively. A successful factor analysis is both simple and interpretable, and will produce groups that are meaningful and unique in their interests, attitudes, and behaviors. For this external verification, we looked at the demographic characteristics of the typology groups to ensure that each group differed from the others in ways that extended beyond the items used in their definition. As indicated in Figure 2, significant demographic and substantive differences do emerge among the three groups, which confirm their reliability.

Figure 2: Demographic Profiles Of Typology Groups

	<u>TOTAL</u>	<u>STRAPPED & STRUGGLING</u>	<u>OLDER & WISER</u>	<u>FREE SPENDER</u>
	%	%	%	%
Male	40	35	41	45
Female	60	65	59	55
White	72	67	77	68
Black	11	14	8	13
Hispanic	12	14	9	14
Age 18-34	27	29	22	33
Age 35-54	42	44	40	44
Age 55+	29	26	36	21
College Graduate	32	15	39	41
Some College	21	23	22	18
High School Grad.	35	44	31	29
<H.S. Grad.	11	17	7	10
Total College	53	38	60	59
Total No College	46	61	38	39
Annual income <\$20,000	15	24	8	14
\$20,000-\$49,999	27	37	20	25
\$50,000 or more	31	15	40	37
Household Assets <\$0	4	9	2	3
\$1-\$10,000	9	14	5	11
\$10,000-\$100,000	11	10	10	14
\$100,000-\$300,000	14	10	18	12
\$300,000 or more	16	4	23	19
Retired	20	19	26	14
Not retired	80	81	74	86
Kids <18 living at home	36	43	30	38
No kids <18 living at home	61	55	67	60

Examining the demographic differences that emerge across the three groups provides a profile of what typical group members might look like. While there is variation within each group, the typical group member for each of the three saving types can be described as follows:

Strapped and Struggling...

- Annual income less than \$50,000
- African-American or Hispanic
- Younger than 55
- Have not attended college
- Female
- Have children under 18 living at home
- Rent rather than own their homes
- Have household assets under \$10,000
- Do not have a financial plan
- Have trouble meeting basic living expenses
- Live paycheck to paycheck
- Have saved for only some or none of their future goals/expenses

Older and Wiser...

- Age 55 or older
- Have no kids under 18 living at home
- White
- Retired
- Own their own homes
- Have household assets of at least \$100,000
- Have a financial plan
- Easily meet expenses and live comfortably
- Have saved for all future goals/expenses

Free Spenders...

- Annual income of \$50,000 or more
- Younger than 55
- Have attended college
- Male
- Have household assets of at least \$100,000
- Easily meet expenses and live comfortably
- Do not have a financial plan
- Have saved for only some or none of their future goals/expenses

On the basis of this external verification, as well as the fit and explanatory power of the factors, the three-factor solution was deemed optimal. While additional analyses with a larger number of measures would allow greater distinction both within and between these groups, the

nine items analyzed here do provide some initial insight into the different types of savers in the population at large, and indicate some important differences in their attitudes toward saving and saving behavior.

AMERICA SAVES SURVEY

PRINCETON SURVEY RESEARCH ASSOCIATES for THE CONSUMER FEDERATION of AMERICA/BANK of AMERICA

Final Topline
November 9, 2000

n= 1,637 household financial decision makers, age 18 or older
Dates of interviewing: September 11 – November 1, 2000
Margin of error: Plus or minus 3 percentage points
Square root of design effect: 1.11

Note: All percentages may not add to 100% due to rounding.

INTRODUCTION: Hello, my name is _____ and I'm calling for Princeton Survey Research of Princeton, New Jersey. We are conducting a national OPINION survey about some important issues facing Americans today.

SECTION A – SAVINGS ATTITUDES

A1. How would you describe your own personal financial situation? Would you say you...

<u>Current</u>	<u>1/97⁵</u>
40 Live comfortably	38
30 Meet your expenses with a little left over for extras	30
20 Just meet your basic living expenses	22
9 Don't even have enough to meet expenses	9
1 Don't know/Refused	1

⁵ Trend figures are from a survey of 1,770 financial decision-makers, conducted between January 17 and February 23, 1997 by Princeton Survey Research Associates on behalf of NationsBank and the Consumer Federation of America.

A2. I'm going to read some statements that describe how people sometimes feel about money and planning for the future. For each one, please tell me how well it describes you – very well, somewhat well, not too well, or not at all.

	<u>Very well</u>	<u>Somewhat well</u>	<u>Not too well</u>	<u>Not at all</u>	<u>DK/ Ref</u>
a. I have a habit of saving money regularly, like clockwork					
Current	28	30	19	23	* ⁶
1/97	29	30	22	18	1
b. I prefer not to think about money					
Current	23	28	16	31	2
1/97	18	24	22	35	1
c. I like to know exactly where my money is spent each month					
Current	65	23	6	5	*
1/97	64	23	7	5	1
d. I just don't earn enough money to save regularly					
Current	23	23	17	36	2
e. I don't think I'm saving enough for the future					
Current	30	30	16	23	2
f. I feel pressure to have the things my friends and neighbors have					
Current	4	8	13	75	*
g. I would like to save money and build personal wealth					
Current	54	28	7	10	2
h. I have the ability to save money and build personal wealth					
Current	29	36	16	18	1
i. I have difficulty paying my monthly bills					
Current	11	17	14	58	*

⁶ An asterisk indicates values less than .5%.

- A3. Have you ever prepared a specific financial plan for yourself or had a professional prepare one for you? By financial plan, I mean a comprehensive document that includes investment funds, real estate and retirement plans, not a simple household budget.

<u>Current</u>		<u>1/97⁷</u>
38	Yes	32
61	No	67
*	Don't know/Refused	1

- A4. Some people live paycheck to paycheck, which means they are just able to pay regular bills and other expenses from each paycheck, with almost nothing left over for savings. How often – if ever – do you and your family live from paycheck to paycheck...always, most of the time, sometimes, hardly ever, or never?

<u>Current</u>		<u>3/00⁸</u>
15	Always	23
13	Most of the time	17
25	Sometimes	23
24	Hardly ever	16
22	Never	19
1	Does not apply (VOL)	1
*	Don't know/Refused	1

⁷ Trend figures are based on "savers" only (n=1,533).

⁸ Trend figures based on a survey of 1,501 adults age 18 or older, conducted between February 18 and March 5, 2000, by Princeton Survey Research Associates on behalf of Newsweek Magazine and the Heinz Family Philanthropies.

SECTION B - SAVINGS GOALS/BEHAVIORS

- B1. What is your employment status? Are you self-employed, employed at a full time job, employed part time, unemployed, retired or a homemaker?

Current

11	Self-employed
50	Employed full time
8	Employed part time
3	Unemployed
18	Retired
7	Homemaker
2	Disabled (VOL)
1	Student (VOL)
*	Don't know/Refused

- B2. Are you now married, LIVING AS married, separated, divorced, widowed or have you never been married?

Current

54	Married
4	Living as married
3	Separated
11	Divorced
9	Widowed
18	Never Married
1	Refused

- B3. Is your (husband/wife/partner) self-employed, employed at a full time job, employed part time, unemployed, retired or a homemaker?

Based on those who are married/living as married; n=907

Current

9	Self-employed
57	Employed full time
6	Employed part time
3	Unemployed
15	Retired
9	Homemaker
2	Disabled (VOL)
*	Student (VOL)
*	Don't know/Refused

B4. What is your age?

<u>Current</u>	
8	18-24
19	25-34
22	35-44
20	45-54
14	55-64
15	65+
2	Refused

B5. At what age do you (and your spouse/partner both) plan to retire?

Based on those who are not retired; n=1,344

<u>Current</u>		<u>1/97</u>
28	Younger than 60	26
20	60 to 64	24
20	65	21
5	66 to 69	4
8	70 or older	11
9	Never/Don't plan to retire (VOL)	4
10	Don't know/Refused	10
		(1,451)

B6. Do you currently own your own home, do you rent, or do you have some other arrangement?

<u>Current</u>		<u>1/97</u>
67	Own	63
27	Rent	30
5	Other arrangement	7
*	Don't know/Refused	*

B7. Do you plan to buy a home at some point, or not?

B8. When do you think you will buy a home?

Based on those who do not own a home; n=655

<u>Current</u>		<u>1/97</u>
68	Total yes (include probably)	69
14	Within the next year	14
32	Within two to five years	30
19	More than five years from now	22
3	Don't know when	3
28	No	28
4	Don't know/Refused	3
		(611)

B9. Do you have any children younger than 18 now living at home? **IF YES, ASK:** How many?

<u>Current</u>		<u>1/97</u>
36	Total yes	37
15	One	15
14	Two	13
8	Three or more	9
61	No	63
2	Refused	*

B10. Over the next YEAR OR TWO, do you expect to have any MAJOR expenses for things like a new car, a special vacation, or a home improvement project?

<u>Current</u>		<u>1/97</u>
46	Yes	45
52	No	52
2	Don't know/Refused	3

B11a. Do you have any money saved or invested for emergencies?

B12a. Is the money you have saved or invested for emergencies in a SEPARATE account or investment, or is it MIXED in accounts or investments along with money you have set aside for other purposes?

<u>Current</u>		<u>1/97</u>
71	Total saving for emergencies	68
39	Separate accounts/investments	35
27	Mixed in with money saved for other purposes	26
4	Both/Some separate, some mixed (VOL)	6
1	Don't know/Refused	1
28	Not saving for emergencies	31
1	Don't know/Refused	1

B11b. Do you have any money saved or invested for a down payment on a home?

B12b. Is the money you have saved or invested for a down payment on a home in a SEPARATE account or investment, or is it MIXED in accounts or investments along with money you have set aside for other purposes?

Based on those who plan to buy a home in the next ten years; n=402

<u>Current</u>		<u>1/97</u>
33	Total saving for a down payment on a home	34
20	Separate accounts/investments	14
10	Mixed in with money saved for other purposes	18
2	Both/Some separate, some mixed (VOL)	2
1	Don't know/Refused	*
67	Not saving for a down payment on a home	66
*	Don't know/Refused	*
		(365)

B11c. Do you have any money saved or invested for major purchase?

B12c. Is the money you have saved or invested for a major purchase in a SEPARATE account or investment, or is it MIXED in accounts or investments along with money you have set aside for other purposes?

Based on those who plan to make a major purchase; n=750

<u>Current</u>		<u>1/97</u>
49	Total saving for a major purchase	52
22	Separate accounts/investments	21
23	Mixed in with money saved for other purposes	27
3	Both/Some separate, some mixed (VOL)	3
1	Don't know/Refused	1
50	Not saving for a major purchase	46
1	Don't know/Refused	2
		(821)

B11d. Do you have any money saved or invested for a child's education?

B12d. Is the money you have saved or invested for a child's education in a SEPARATE account or investment, or is it MIXED in accounts or investments along with money you have set aside for other purposes?

Based on those with children under 18 living at home; n=667

<u>Current</u>		<u>1/97⁹</u>
53	Total saving for a child's education	56
40	Separate accounts/investments	40
12	Mixed in with money saved for other purposes	12
1	Both/Some separate, some mixed (VOL)	3
*	Don't know/Refused	1
46	Not saving for a child's education	43
1	Don't know/Refused	1
		(635)

⁹ Trend question asked about "your child's/children's college education."

B11e. Do you have any money saved or invested for retirement?

B12e. Is the money you have saved or invested for retirement in a SEPARATE account or investment, or is it MIXED in accounts or investments along with money you have set aside for other purposes?

Based on those who are not retired; n=1,344

<u>Current</u>		<u>1/97</u>
65	Total saving for retirement	64
52	Separate accounts/investments	49
10	Mixed in with money saved for other purposes	11
2	Both/Some separate, some mixed (VOL)	3
1	Don't know/Refused	1
34	Not saving for retirement	35
1	Don't know/Refused	1
		(1,451)

B13. Do you (and your husband/ wife/ partner) have any money saved or invested that you use now or will use in the future to help support you in retirement?

Based on those who are retired; n=293

<u>Current</u>		<u>1/97</u>
57	Yes	61
38	No	35
5	Don't know/Refused	4
		(319)

B14. Do you (or your husband/wife/partner) currently own any major credit or charge cards, such as VISA, MasterCard, Discover, or American Express?

<u>Current</u>	
74	Yes
25	No
1	Don't know/Refused

- B15. Do you (or your husband/wife/partner) currently own any other charge cards from department stores, gasoline companies or other retail establishments?

Current

51 Yes
48 No
1 Don't know/Refused

- B16. About how much money do you (and your husband/wife/partner) currently owe on all your credit cards and charge accounts combined? Just stop me when I get to the right category...

Based on those who have credit cards/charge accounts; n=1,230

Current

21 Nothing
4 Less than \$100
12 \$100 to under \$500
12 \$500 to under \$1,000
11 \$1,000 to under \$2,000
14 \$2,000 to under \$5,000
10 \$5,000 to under \$10,000
5 \$10,000 to under \$20,000
3 \$20,000 or more
4 Don't know
3 Refused

- B17. When you (or your husband/wife/partner) get a credit card bill, do you USUALLY pay the MINIMUM amount that's due, usually pay off the WHOLE amount so you have no unpaid balance, or do you pay something IN BETWEEN the minimum and the whole amount?

Based on those who have credit cards/charge accounts; n=1,230

Current

9 Pay minimum
44 Pay whole amount
46 Pay something in between
2 Don't know/Refused

SECTION C – SAVINGS INFORMATION/SERVICES

C1. There are many different strategies people use to save money. As I read a list of ways to help people save, please tell me if each one would be very useful, somewhat useful, not too useful or not at all useful in helping YOU save more. (First,) how about... **(INSERT-ROTATE)**. Would this strategy be very useful, somewhat useful, not too useful, or not at all useful?

	<u>Very useful</u>	<u>Somewhat useful</u>	<u>Not too useful</u>	<u>Not at all useful</u>	<u>Does not apply</u>	<u>DK/ Ref</u>
a. Paying off consumer debts, such as credit card bills	55	12	3	14	15	1
b. Saving a fixed amount each month	57	22	3	12	4	1
c. Saving automatically each month through payroll deductions or account transfers	50	18	6	17	8	1
d. Setting a specific financial goal, such as \$1,000 for the down payment on a car	38	25	7	22	7	1
e. Developing a comprehensive, long-term financial plan	45	24	6	17	6	3
f. Saving through an IRA, or Individual Retirement Account	46	22	5	16	8	2
<i>Item g based on those who are not retired; n=1,344</i>						
g. Participating in an employer's retirement plan	64	16	3	9	6	2
<i>Item h based on those who own a home; n=982</i>						
h. Paying off the mortgage on your house before you retire	57	11	3	13	14	2
<i>Item i based on those who do not own a home; n=655</i>						
i. Buying a home and building equity through mortgage payments	36	26	6	22	8	3

- C2. Which of the following topics would you PERSONALLY like to have more information about? (First/Next) what about... (INSERT—RANDOMIZE). Is this something you would like to have more information about, or not?

	<u>Yes</u>	<u>No</u>	<u>DK/Ref</u>
a. How to reduce your debt	39	60	1
b. How to develop a financial plan	45	54	1
c. How to build and maintain an emergency fund	40	59	1
<i>Item d based on those who are not retired; n=1,344</i>			
d. How to plan for retirement	53	46	1
e. How to save to buy a home	25	74	1
f. How to cut expenses to increase savings	49	50	1

- C3. How interested would you be in each of the following financial services if it were offered FOR FREE by a nonprofit agency you trusted? (First/Next), how about... (INSERT—ROTATE) Would you be very interested, somewhat interested, not too interested, or not at all interested in this service?

VI – Very interested

SI – Somewhat interested

NTI – Not too interested

NI – Not at all interested

NC – No computer/Internet access (VOL)

	<u>VI</u>	<u>SI</u>	<u>NTI</u>	<u>NI</u>	<u>NC</u>	<u>DK/Ref</u>
a. Motivational workshops on saving and building wealth	11	23	12	53	n/a	*
b. A group or club that meets regularly to talk about saving and building wealth	6	18	13	62	n/a	1
c. Seminars on homeownership	10	16	11	62	n/a	*
<i>Item d based on those who are not retired; n=1,344</i>						
d. Seminars on retirement planning	16	30	11	42	n/a	*

Continued...

Question C3 continued...

	<u>VI</u>	<u>SI</u>	<u>NTI</u>	<u>NI</u>	<u>NC</u>	<u>DK/Ref</u>
e. Videos about reducing debt, saving money and building wealth	15	23	11	51	n/a	*
f. Online chat groups that discuss saving and building wealth	7	13	12	64	4	*
g. Pamphlets that explain the best ways to save and build wealth	19	31	9	39	n/a	*
h. A web site with information on saving and wealth building tools	19	27	8	40	5	1

C3a. If a nonprofit agency you trusted offered FREE one-on-one financial planning, would you be very interested, somewhat interested, not too interested, or not at all interested in this service?

Current

19	Very interested
33	Somewhat interested
10	Not too interested
36	Not at all interested
1	Don't know/Refused

C3b. Would you prefer one-on-one financial planning that takes place...

Based on those very/somewhat interested in free financial planning; n=913

Current

71	In person
15	Over the phone
9	Over the Internet
5	Don't know/Refused

- C4a. If along with the different financial services we've been talking about you could receive ONE of the following gifts, which ONE would you most like to have?
- C4b. Which would be your second choice?

First and second choices combined

- 47 A copy of the book *The Millionaire in You*, which explains how people can build wealth even if they don't earn a lot of money
- 45 A slide calculator that shows how savings accumulate over time
- 23 A calendar with savings and wealth building tips printed on it
- 18 A memo pad with savings and wealth building tips printed on it
- 13 A T-shirt with savings and wealth building tips printed on it
- 22 None of these (VOL)
- 2 Don't know/Refused

Total exceeds 100% due to multiple responses

- C5. If a nonprofit agency you trusted offered each of the following items as an incentive, would it make you MUCH MORE likely to try their free financial services, SOMEWHAT MORE likely, or would it MAKE NO DIFFERENCE AT ALL? (First/Next) how about ...**(INSERT-ROTATE)**. Would this incentive make you MUCH MORE likely to try their free financial services, SOMEWHAT MORE likely, or would it MAKE NO DIFFERENCE AT ALL?

MML – Much more likely
 SML – Somewhat more likely
 MND – Makes no difference

	<u>MML</u>	<u>SML</u>	<u>MND</u>	<u>DK/Ref</u>
a. One share in a stock mutual fund worth \$25	13	30	54	2
b. A U.S. savings bond worth \$25	13	28	58	1
c. A sweepstakes or drawing for a \$200 savings bond	10	22	67	1
d. A sweepstakes or drawing for a session with a certified financial planner	7	18	73	1
e. Free membership in a local price club	9	18	70	2

- C6. Now I'm going to read a list of people and organizations that might sponsor some of the free financial service programs we just talked about. We'd like to know whether the group sponsoring these services would make you **MORE LIKELY** or **LESS LIKELY** to try them. (First,) how about if these financial services were sponsored by... (**INSERT-ROTATE**)? Would that make you **MORE** likely or **LESS** likely to try them?

IF MORE OR LESS LIKELY, ASK: Would it make you **MUCH** (more/less) likely, or only somewhat (more/less) likely?

MML – Much more likely
 SML – Somewhat more likely
 SLL – Somewhat less likely
 MLL – Much less likely
 MND – Makes no difference

	<u>MML</u>	<u>SML</u>	<u>SLL</u>	<u>MLL</u>	<u>MND</u>	<u>DK/Ref</u>
a. Your employer	23	25	6	10	31	6
b. Your bank or credit union	23	32	7	8	27	2
c. A local nonprofit credit counseling service	11	24	11	16	36	3
d. A local consumer group	8	22	13	16	38	3
e. A local labor union	7	13	12	24	41	3
f. Your church	22	23	8	12	32	4
g. The Consumer Federation of America	8	19	11	14	38	9
h. The U.S. Department of Labor	10	20	13	16	38	4
i. The U.S. Treasury Department	14	24	10	16	32	4
j. The Federal Reserve Board	12	25	8	15	34	5

- C7. I would like to read you a series of true statements designed to persuade people to save money and build wealth. As I read each one, please tell me how convincing YOU PERSONALLY find the statement. The (first/next) statement is (**INSERT—ROTATE**). For you, is this a VERY convincing argument to save money, a SOMEWHAT convincing argument, NOT TOO convincing, or not convincing AT ALL?

VC – Very convincing

SC – Somewhat convincing

NTC – Not too convincing

NC – Not at all convincing

	<u>VC</u>	<u>SC</u>	<u>NTC</u>	<u>NC</u>	<u>DK/Ref</u>
a. The miracle of compounding interest makes it easy to save long term and build wealth. Investing only \$25 a week for 40 years at 5% will grow to nearly 170,000 dollars.	37	36	9	16	2
b. Paying off the mortgage on your home before you retire will not only lower housing expenses considerably, but will also provide a valuable asset that can be sold or borrowed on.	50	29	6	12	3
c. Research shows that people in every income group can save. One low-income woman who washed clothes for a living saved 280,000 dollars in her lifetime.	28	34	14	20	2
d. Someone earning only 25,000 dollars a year will receive one million dollars over 40 years. Saving as little as 1,000 dollars a year can result in an accumulation of over 200,000 dollars.	32	38	11	17	3
e. The saving habit is more important than how much one saves. The key thing is spending less than you earn and saving the difference.	47	33	7	11	2
f. Putting money away automatically through payroll deduction or checking transfer makes saving and building wealth much easier. What you don't see, you won't miss.	55	26	5	12	3

- C8. Suppose you were in line at the post office and you saw a free pamphlet on display with the title **(INSERT FIRST ITEM.)**. Do you think you would pick it up and read it, or not? How about a pamphlet with the title... **(INSERT ITEM-ROTATE)**? Would you pick it up and read it, or not?

	<u>Yes</u>	<u>No</u>	<u>DK/Ref</u>
a. It's about building wealth	44	54	2
b. Build wealth to gain peace of mind	48	50	2
c. Anyone can save 10,000 dollars, and maybe even 100,000 dollars	53	45	2
d. Bring out the millionaire in you	40	58	2
e. Put your money to work so you don't have to	55	43	2
f. Building wealth is easier than you think	56	42	2
g. Show me the money	37	60	2

SECTION D – DEMOGRAPHICS

READ: I'd like to ask you some final questions for statistical purposes only. Remember, all of the information you give us is completely confidential and nobody will see your individual responses.

- D1. Please tell me which, if any, of the following accounts and investments you (and your spouse/partner) currently have. (First,) do you have...**(INSERT IN ORDER)**.

	<u>Yes</u>	<u>No</u>	<u>DK/Ref</u>
a. A checking account	84	13	4
b. A savings account	73	23	4
c. A mutual fund account	41	54	4
d. Stocks in individual companies	41	54	4
e. A retirement plan or pension account	62	34	4
f. Any other type of investment	18	76	6

D2. Altogether, about how much money do you have in ALL of your various accounts and investments we have been discussing? Just stop me when I get to the right category.

22	Less than \$5,000
9	\$5,000 to under \$10,000
7	\$10,000 to under \$20,000
5	\$20,000 to under \$30,000
5	\$30,000 to under \$50,000
6	\$50,000 to under \$100,000
6	\$100,000 to under \$200,000
3	\$200,000 to under \$300,000
5	\$300,000 to under \$500,000
2	\$500,000 to under one million dollars
2	One million dollars or more
7	Don't know
20	Refused

D3. About what would you say is the value of the equity in your home? Just stop me when I get to the right category.

Based on those who own a home; n=982

6	Less than \$5,000
5	\$5,000 to under \$10,000
5	\$10,000 to under \$20,000
7	\$20,000 to under \$30,000
10	\$30,000 to under \$50,000
19	\$50,000 to under \$100,000
13	\$100,000 to under \$200,000
8	\$200,000 to under \$300,000
4	\$300,000 to under \$500,000
1	\$500,000 to under one million dollars
1	One million dollars or more
8	Don't know
13	Refused

- D4. What is the last grade or class that you COMPLETED in school?
- 4 None, or grade 1 to 8
 - 7 High school incomplete (grade 9-11)
 - 32 High school graduate
 - 3 Business, technical or vocational school after high school
 - 21 Some college, but no four-year degree
 - 22 College graduate, four-year degree
 - 10 Post-graduate or professional schooling after college
 - 2 Don't know/Refused
- D5. Are you of Hispanic or Latino background, such as Mexican, Puerto Rican, Cuban or some other Latin American background, or not?
- D6. What is your race? Are you white, black, Asian or some other race? **IF RESPONDENT SAYS "HISPANIC" OR "LATINO" ASK:** Do you consider yourself a WHITE Hispanic/Latino or a BLACK Hispanic/Latino?
- 72 White, non-Hispanic
 - 11 Black, non-Hispanic
 - 12 Hispanic
 - 2 Asian
 - 2 Other/Mixed
 - 2 Don't know/Refused
- D7. How many adults age 18 or older, including yourself, live in your household?
- 30 One
 - 54 Two
 - 10 Three
 - 4 Four or more
 - 2 Refused

D8. Last year, that is in 1999, what was your total family income from all sources, BEFORE taxes? Just stop me when I get to the right category.

6	Less than \$10,000
9	\$10,000 to under \$20,000
9	\$20,000 to under \$30,000
10	\$30,000 to under \$40,000
8	\$40,000 to under \$50,000
13	\$50,000 to under \$75,000
18	\$75,000 or more
6	Don't know
20	Refused

D9. Do you use a computer at your workplace, at school, at home, or anywhere else on at least an occasional basis?

D10. Do you ever go online to access the Internet or World Wide Web, or to send and receive e-mail?

68	Total yes, use a computer
56	Go online to access Internet/World Wide Web/e-mail
12	Do not go online
*	Don't know/Refused
31	Do not use a computer
1	Don't know/Refused

Region

20	Northeast
23	Midwest
36	South
21	West

Community Type

30	Urban
50	Suburban
20	Rural

Respondent Sex

40	Male
60	Female

Appendix B

Additional Tables