

**PRELIMINARY VALIDATION ITEMS AND THEIR HYPOTHESIZED
RELATIONSHIPS WITH FINANCIAL WELL-BEING AND FINANCIAL ABILITY**

Survey Sampling International will provide the Research Team with a broad range of socio-demographic indicators (age, gender, income, education race/ethnicity etc.) that they collect from panel participants when they first join the panel. The Research Team will use these indicators to validate the financial well-being and financial ability scales in addition to items below, which the research team has taken from other financial well-being and capability-related surveys.

| | |
|--|----------|
| Positively correlated with financial well-being and/or ability | + |
| Negatively correlated with financial well-being and/or ability | - |
| Not correlated with financial well-being and/or ability | 0 |

| | Directionality | |
|--|----------------|----|
| | FWB | FA |
| V1. In the past 12 months, have you obtained a copy of your credit report or checked your credit score? (check all that apply) | | |
| 1. Yes, have obtained a copy of my credit report | + | + |
| 2. Yes, have checked my credit score | + | + |
| 3. No, I have not done any of these | - | - |
| 8. Don't know | | |
| 9. Refused | 0 | 0 |
| V1A. IF V1 = 1 OR V1 = 2, ASK. ELSE SKIP. What was your credit score the last time you checked? | | |
| 1. 620 or lower | - | - |
| 2. 621 to 719 | | |
| 3. 720 or higher | + | + |
| 4. Credit score not indicated on report | 0 | 0 |
| 8. Don't Know | | |
| 9. Refused | 0 | 0 |
| V3. How often do you or your spouse check the balance in your retirement accounts? (check one) | | |
| 1. Multiple times a year | + | + |
| 2. Once a year | | |
| 3. Once every few years | - | - |
| 4. Never | - | - |

| | | |
|------------------------------------|---|--|
| 5. Don't have a retirement account | - | |
| 8. Don't Know | | |
| 9. Refused | | |

V4. How many credit cards do you have and use? RECORD ACTUAL.

| | | |
|---|---|---|
| a. Credit cards have and use [ENTER WHOLE NUMBER] | 0 | 0 |
| b. IF V4A > 0, ASK. ELSE SKIP. How many of them currently carry a balance that you do not pay in full each month? | - | - |

V5. IF V4A > 0 ASK. ELSE SKIP. In the PAST 12 MONTHS, which of the following describes your experience with credit cards?

| | | |
|---|---|---|
| I always pay my credit cards in full. | + | + |
| More than once, I carried over a balance and was charged interest. | - | - |
| More than once, I only paid the minimum payment. | - | - |
| More than once, I was charged a late fee for late payment. | - | - |
| More than once, I was charged an over the limit fee for exceeding my credit line. | - | - |
| In some months, I used the cards for a cash advance. | - | - |

V6. In the past year, have you missed any monthly bill payments or made late payments? (check all that apply)

| | | |
|----------------------------|---|--|
| a. Yes, missed payments | - | |
| b. Yes, made late payments | - | |
| c. No, neither of these | + | |

V9. Suppose you had \$100 in a savings account and the interest rate was 2 percent per year. After 5 years, how much do you think you would have in the account if you left the money to grow? (check one)

| | | |
|--------------------|---|---|
| 1. More than \$102 | + | + |
| 2. Exactly \$102 | - | - |
| 3. Less than \$102 | - | - |
| 8. Do not know | - | - |

9. Refuse

V10. Imagine that the interest rate on your savings account was 1 percent per year and inflation was 2 percent per year. After 1 year, would you be able to buy:

- | | | |
|---|---|---|
| 3. More than today with the money in this account | - | - |
| 2. Exactly the same as today with the money in this account | - | - |
| 1. Less than today with the money in this account | + | + |
| 8. Do not know | - | - |
| 9. Refuse | | |

BEGIN V12A TO V12M BLOCK. 13 Item Measure of Financial Literacy

V12A. Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, would you be able to buy:

- | | | |
|---|---|---|
| 4. More than today with the money in this account | - | - |
| 3. Exactly the same as today with the money in this account | - | - |
| 2. Less than today with the money in this account | + | + |
| 8. Do not know | - | - |
| 9. Refuse | | |

V12B. Do you think that the following statement is true or false? "Bonds are normally riskier than stocks."

- | | | |
|----------------|---|---|
| 1. True | - | - |
| 0. False | + | + |
| 8. Do not know | - | - |
| 9. Refuse | | |

V12C. Considering a long time period (for example 10 or 20 years), which asset described below normally gives the highest return?

- | | | |
|---------------------|---|---|
| 1. Savings accounts | - | - |
| 2. Stocks | + | + |
| 3. Bonds | - | - |
| 8. Do not know | - | - |
| 9. Refuse | | |

V12D. Normally, which asset described below displays the highest fluctuations over time?

- | | | |
|---------------------|---|---|
| 1. Savings accounts | - | - |
|---------------------|---|---|

| | | |
|--|---|---|
| 2. Stocks | + | + |
| 3. Bonds | - | - |
| 8. Do not know | - | - |
| 9. Refuse | | |
| V12E. When an investor spreads his money among different assets, does the risk of losing a lot of money: | | |
| 3. Increase | - | - |
| 1. Decrease | + | + |
| 2. Stay the same | - | - |
| 8. Do not know | - | - |
| 9. Refuse | | |
| V12F. Do you think that the following statement is true or false? "If you were to invest \$1000 in a stock mutual fund, it would be possible to have less than \$1000 when you withdraw your money." | | |
| 1. True | + | + |
| 0. False | - | - |
| 8. Do not know | - | - |
| 9. Refuse | | |
| V12G. Do you think that the following statement is true or false? "A stock mutual fund combines the money of many investors to buy a variety of stocks." | | |
| 1. True | + | + |
| 0. False | - | - |
| 8. Do not know | - | - |
| 9. Refuse | | |
| V12H. Do you think that the following statement is true or false? "After age 70 1/2, you have to withdraw at least some money from your 401(k) plan or IRA." | | |
| 1. True | + | + |
| 2. False | - | - |
| 3. It depends on the type of IRA and/or 401(k) plan | - | - |
| 8. Do not know | - | - |
| 9. Refuse | | |

V12I. Do you think that the following statement is true or false? "A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less."

- | | | |
|----------------|---|---|
| 1. True | + | + |
| 0. False | - | - |
| 8. Do not know | - | - |
| 9. Refuse | | |

V12J. Suppose you had \$100 in a savings account and the interest rate is 20% per year and you never withdraw money or interest payments. After 5 years, how much would you have on this account in total?

- | | | |
|--------------------|---|---|
| 3. More than \$200 | + | + |
| 2. Exactly \$200 | - | - |
| 1. Less than \$200 | - | - |
| 8. Do not know | - | - |
| 9. Refuse | | |

V12K. Which of the following statements is correct?

- | | | |
|---|---|---|
| 1. Once one invests in a mutual fund, one cannot withdraw the money in the first year | - | - |
| 2. Mutual funds can invest in several assets, for example invest in both stocks and bonds | + | + |
| 3. Mutual funds pay a guaranteed rate of return which depends on their past performance | - | - |
| 4. None of the above | - | - |
| 8. Do not know | | |
| 9. Refuse | | |

V12L. Which of the following statements is correct? If somebody buys a bond of firm B:

- | | | |
|--------------------------------|---|---|
| 1. He owns a part of firm B | - | - |
| 2. He has lent money to firm B | + | + |

| | | |
|------------------------------------|---|---|
| 3. He is liable for firm B's debts | - | - |
| 4. None of the above | - | - |
| 8. Do not know | - | - |
| 9. Refuse | | |

V12M. Suppose you owe \$3,000 on your credit card. You pay a minimum payment of \$30 each month. At an Annual Percentage Rate of 12% (or 1% per month), how many years would it take to eliminate your credit card debt if you made no additional new charges?

| | | |
|----------------------------|---|---|
| 1. Less than 5 years | - | - |
| 2. Between 5 and 10 years | - | - |
| 3. Between 10 and 15 years | - | - |
| 4. Never | + | + |
| 8. Do not know | - | - |
| 9. Refuse | | |

V13. Do you (or does a member of your household) have a checking or savings account?

| | | |
|--|---|--|
| 1. Yes, have checking or savings account | + | |
| 0. No, neither checking nor savings | - | |

V14. [PLANNING FOR MONEY] Please tell me the extent to which you agree or disagree with each of the following statements. Use a 6-point scale where "6" means that you "Strongly Agree" and "1" means that you "Strongly Disagree." You may use any number from 1 to 6 for your answer.

| | | |
|---|---|---|
| a. I set financial goals for the next 1-2 years for what I want to achieve with my money. | + | + |
| b. I decide beforehand how my money will be used in the next 1-2 years. | + | + |
| c. I actively consider the steps I need to take to stick to my budget in the next 1-2 years. | + | + |
| d. I consult my budget to see how much money I have left for the next 1-2 years. | + | + |
| e. I like to look to my budget for the next 1-2 years in order to get a better view of my spending in the future. | + | + |
| f. It makes me feel better to have my finances planned out for the next 1-2 years. | + | + |

D2. Have you set aside emergency or rainy day funds that would cover your expenses for 3 months in case of sickness, job loss, economic downturn or other emergencies?

| | | |
|-----|---|---|
| Yes | + | + |
| No | - | - |

D3. We are interested in your present job status. Which one of the following BEST describes your current employment situation?

| | | |
|---|---|---|
| 1. Employed now | + | 0 |
| 2. Temporarily laid off | - | 0 |
| 3. Not employed, but looking for a job | - | 0 |
| 4. Not employed and not looking for a job | 0 | 0 |
| 5. Homemaker | 0 | 0 |
| 6. Student | 0 | 0 |
| 7. Disabled | - | 0 |
| 8. Retired | 0 | 0 |

D4. In the past 12 months, did you or any members of your household experience any of the following events?

| | | |
|--|---|---|
| a. I lost a job | - | 0 |
| b. I had my work hours and/or pay reduced | - | 0 |
| c. My spouse/partner lost a job | - | 0 |
| d. My spouse/partner had their work hours and/or pay reduced | - | 0 |
| e. Received a foreclosure notice | - | 0 |
| f. A business I owned had financial difficulty | - | 0 |
| g. Health emergency | - | 0 |
| h. Divorce | - | 0 |
| i. Had a baby | - | 0 |
| j. Death of primary breadwinner | - | 0 |
| k. None of the above | + | 0 |

D5. Are any of the following statements true of your situation? Please check all that are true for you.

| | | |
|---|---|---|
| a. I can afford to eat balanced/healthy meals. | + | 0 |
| b. There has been a time in the last year when I needed food but couldn't afford to buy it. | - | 0 |

| | | |
|--|---|---|
| c. There has been a time when I couldn't afford a place to stay. | - | 0 |
| d. In the past 12 months there was at least one time when I did not pay the full amount of the rent or mortgage. | - | 0 |
| e. During the last 12 months I was evicted from my home or apartment for not paying rent or mortgage. | - | 0 |
| f. In the past 12 months there was at least one time when I did not pay the full amount of the gas, oil, or electricity bills. | - | 0 |
| g. In the past 12 months, there was at least one time when I or someone in my household needed to see a doctor or go to the hospital but did not go because we couldn't afford it. | - | 0 |
| h. Everyone in my household is covered by health insurance such as Medicare, Medicaid, Veteran's benefits, Blue Cross, Prudential, an HMO, or any other program. | + | 0 |

D6. I have enough money saved to cover three months of expenses

| | | |
|--------|---|---|
| 1. Yes | + | 0 |
| 2. No | - | 0 |

D7A. During the past 12 months, have you experienced confusion or memory loss that is happening more often or is getting worse?

| | | |
|--------|---|---|
| 1. Yes | - | - |
| 2. No | + | + |

D7B. During the past 12 months, how often have you given up household activities or chores you used to do, because of confusion or memory loss that is happening more often or is getting worse?

| | | |
|--------------|---|---|
| 1. Always | - | - |
| 2. Usually | - | - |
| 3. Sometimes | - | - |
| 4. Rarely | - | - |
| 5. Never | + | + |

D7C. During the past 12 months, how often has confusion or memory loss interfered with your ability to work, volunteer, or engage in social activities?

| | | |
|-----------|---|---|
| 1. Always | - | - |
|-----------|---|---|

| | | |
|--------------|---|---|
| 2. Usually | - | - |
| 3. Sometimes | - | - |
| 4. Rarely | - | - |
| 5. Never | + | + |

D7D. During the past 30 days, how often has a family member or friend provided any care or assistance for you/this person because of confusion or memory loss?

| | | |
|--------------|---|---|
| 1. Always | - | - |
| 2. Usually | - | - |
| 3. Sometimes | - | - |
| 4. Rarely | - | - |
| 5. Never | + | + |