



Insights into the Financial Experiences of Older Adults: Supplemental Appendix

July 2013

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM



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Introduction

This supplemental appendix is a companion document to the report, *Insights into the Financial Experiences of Older Adults: A Forum Briefing Paper*, produced by the Federal Reserve Board's Division of Consumer and Community Affairs, July 2013. Appendix B in the report provides data tables summarizing the questions and responses for the Older Adult Survey in a concise format. The purpose of this supplemental appendix is to provide a complete description of the original wording of the survey questions used to produce the report.

The table on page 2 provides a cross reference of the data tables in Appendix B of the report to the origi-

nal questions listed in the body of this appendix. The Older Adult Survey was conducted using the RAND American Life Panel (ALP). Some of the data collected using the RAND ALP in previous surveys were merged with the data for some of the same respondents in the Older Adult Survey. The table denotes the source as either "Question #" (indicating the question is from the Older Adult Survey) or "RAND ALP #" (indicating the question comes from a previous RAND ALP survey). Text of questions from the Older Adult Survey appears on pages 3–8, while text from the RAND ALP follows on page 9.

Note, not all questions were asked of all respondents. Refer to Appendix B in the main report for documentation of the skip patterns and to Appendix A for more detail on survey methodology.

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¹ This report uses fluid and crystallized cognitive ability measures from the RAND ALP based on the Woodcock-Johnson III (WJ-III) test, which is part of a cognitive battery to attain a person's ability compared to a nationally normed sample. For more on the W Score and references, see Appendix A: Older Adult Survey Methodology.

Older Adult Survey Questions

Start of Survey: We are going to ask you a series of questions about your use of various financial products and services...

MORTGAGES

1. Please tell us whether you own or rent your home (primary residence).
 - a. I own
 - b. I rent
 - c. I live rent-free
 2. Choose all answers that apply to where you live now.
 - a. I have a mortgage and/or home equity loan
 - b. I have a home equity line of credit on which I still owe money
 - c. I have a home equity line of credit but its balance is \$0
 - d. I have a reverse mortgage.
 - e. I don't have any mortgages or other loans/lines of credit on my primary residence
- Roll-over definitions:
- Home Equity Loan:** This is a loan where you borrow a set dollar amount upfront, and pay it back with regular monthly payments. You cannot re-borrow money using this loan even after you have paid some money back.
- Home Equity Line of Credit (HELOC):** You receive a line of credit for up to a given credit limit (for example, up to \$20,000) and can draw on it and make payments on only what you have borrowed. You generally can re-borrow money over time as you pay the money back. You are typically given checks or a bank card to access a HELOC.
- Reverse Mortgage:** A type of mortgage in which a homeowner can borrow money against the value of his or her home. The money is paid out to the borrower either as a lump sum or in regular installments. No repayment of the mortgage (principal or interest) is required until the borrower dies or the home is sold.
3. Have you refinanced your mortgage in the last three years?
 - a. Yes
 - b. No
 - c. Don't know
 4. You said that you have not refinanced your mortgage in the last three years. Please tell us the reasons why you have not refinanced. [Check all that apply.]
 - a. I never thought about refinancing
 - b. I applied but was rejected
 - c. My home is worth less than the amount I owe on the mortgage
 - d. I would not save enough money to make it worthwhile
 - e. I can't get a lower interest rate than I already have
 - f. I'm close to paying off my mortgage
 - g. I don't think I'd qualify
 - h. I find the process too complicated or confusing
 - i. Other (specify): _____
 5. You said that you refinanced your house in the last three years. Please select all the people who you asked for financial advice about the refinancing.
 - a. I didn't ask for advice
 - b. Friend(s)/family member(s)
 - c. Professional(s) (such as a financial advisor, banker or attorney)

- d. Caregiver who is not a family member
- e. Other (specify): _____

EVERYDAY BANKING

6. Do you currently have a checking or savings account?
 - a. Yes
 - b. No
7. How do you check your account balances and make bank deposits and withdrawals? [Check all that apply.]
 - a. In person at a bank branch
 - b. At an ATM machine
 - c. With the telephone
 - d. Online (at a computer)
 - e. Using a bank “app” on a mobile phone
 - f. I rely on others to do my banking for me
 - g. Other (specify): _____
8. Some people choose not to bank online (at a computer). Please tell us why you have made this choice. [Check all of the reasons that apply.]
 - a. My banking needs are being met without on-line (computer) banking
 - b. I’m concerned about the security of on-line banking
 - c. I don’t trust the technology to properly process my banking transactions
 - d. I prefer to do my banking in person
 - e. It’s difficult or time consuming to set up on-line (computer) banking
 - f. I don’t know how to use on-line banking
 - g. My internet access is not reliable
 - h. Other (specify): _____

BILL PAYING

9. People sometimes use different ways to pay their bills. Which methods do you use to pay your bills? [Choose all that apply.]
 - a. I pay in person at the store or office that sent me the bill (such as going to the department store or phone company to pay)

- b. I pay at a store (like a grocery store) that accepts bill payments for other companies
- c. I pay by writing a check and mailing it
- d. I pay by telephone
- e. I pay using my computer
- f. I don’t know
- g. I don’t pay the bills

10. Please think about the bills that you get regularly or every month (such as utility bills and your mortgage or rent). How many of your regular bills do you pay with automatic bill payment; that is, having payments taken directly from your bank account by these companies every month without you having to schedule the payment?
 - a. All of them
 - b. Most of them
 - c. Some of them
 - d. Only a few
 - e. None
 - f. I don’t know
11. Many people are not regular users of automatic bill payment. Please tell us why you choose not to use automatic bill payment on a regular basis. [Check all of the reasons that apply.]
 - a. I have very few bills to pay
 - b. I like to pay bills in person
 - c. I’m content with paying by check
 - d. Because my bill amounts vary each month
 - e. I’m worried about not having enough money in my account
 - f. I’m concerned about the security of automatic bill payment
 - g. I don’t trust the technology to properly process by bill payments
 - h. It’s difficult or time consuming to set up automatic bill paying
 - i. I don’t know how to use automatic bill payment

REVERSE MORTGAGES

12. A reverse mortgage is a type of mortgage in which a homeowner can borrow money against

the value of his or her home. No repayment of the mortgage (principal or interest) is required until the borrower dies or the home is sold. Please select the following statement that best describes your situation.

- a. I have had or currently have a reverse mortgage
- b. I am considering getting a reverse mortgage
- c. I have considered getting a reverse mortgage but decided not to get it
- d. I considered getting a reverse mortgage but was rejected
- e. I have never considered getting a reverse mortgage

CREDIT CARDS

13. In the last three years, did you use any credit cards?
 - a. Yes
 - b. No
14. How do you typically pay on your credit card bills?
 - a. I pay off my balance in full each month
 - b. I pay less than the full balance, but more than the minimum payment
 - c. I make the minimum monthly payment
 - d. I'm typically behind on my payments
 - e. I don't know
15. In the last three years, have you had to carry a balance on your credit card(s) because of a medical expense?
 - a. Yes
 - b. No
16. In the last three years, have you taken a cash advance from at least one of your credit cards?
 - a. No
 - b. Yes, 1 time
 - c. Yes, 2 or 3 times
 - d. Yes, 4 or more times
17. Is the total amount of credit card debt that you have today less than, about the same, or more

than the total amount of credit card debt that you had three years ago?

- a. Less
- b. About the same
- c. More
- d. I don't have credit card debt now and I didn't three years ago.
- e. Don't know

PAYDAY LENDING AND BANK DEPOSIT ADVANCE PRODUCTS

18. Payday loans are small, short-term loans that must be paid in full when the borrowers receive their next pay check or other regular deposit (such as a Social Security payment). These loans are often paid with a post-dated check. A deposit advance is a similar product with the borrower agreeing to let the bank take the loan repayment out of regularly scheduled direct deposits.

Please select the following statement that best describes your situation regarding these products.

- a. I have never considered getting a payday loan from a payday lender or a deposit advance from my bank
- b. I currently have a payday loan or a deposit advance
- c. I have had a payday loan or deposit in the past
- d. I currently have a payday loan or a deposit advance and I have had one or the other in the past
- e. I considered getting a payday loan or deposit advance but was rejected
- f. I have considered getting a payday loan/ deposit advance but decided not to get it

STUDENT LOANS

In this section we would like to ask you about any student loan debt you may have. We are interested in both debt you took on for your own education, as well as that taken on for a spouse or a child's education.

19. Do you currently owe any money or have any loans that you used to pay for: [Select all that apply]

- a. Your own education
 - b. A spouse/partner's education
 - c. A child's education
 - d. A grandchild's education
 - e. None of the above
20. About how much money do you currently owe on the loan(s) for your own education?
- a. \$0 to \$9,999
 - b. \$10,000 to \$19,999
 - c. \$20,000 to \$29,999
 - d. \$30,000 to \$39,999
 - e. \$40,000 to \$49,999
 - f. \$50,000 or more
 - g. Don't know
21. About how much money do you currently owe on the loan(s) for a child's education?
- a. \$0 to \$9,999
 - b. \$10,000 to \$19,999
 - c. \$20,000 to \$29,999
 - d. \$30,000 to \$39,999
 - e. \$40,000 to \$49,999
 - f. \$50,000 or more
 - g. Don't know
- f. Pay it off over time in installments
 - g. By spending less on other items
 - h. By using a payday loan, deposit advance, or pawning something
 - i. Withdrawing money from my retirement account
 - j. By not paying the bill at all
 - k. Other (specify): _____

For the next set of questions, we would like to know who, if anyone, may have helped your household in the last year.

23. If your household has received help with your everyday money management, please tell us who has provided that assistance. [By money management we mean things like depositing and transferring money, sending payments, writing checks, and balancing accounts.] [Select all that apply.]
- a. No one, I didn't need help
 - b. No one, I couldn't find help
 - c. Friend(s)/family member(s)
 - d. Professional(s) (such as a financial advisor or attorney)
 - e. Caregiver who is not a family member
 - f. Other (specify): _____
24. If you have any investments, please tell us who managed your investments in the last year. [Select all that apply.]
- a. I don't have any investments
 - b. I managed my investments myself
 - c. Friend(s)/family member(s)
 - d. Professional(s) (such as a financial advisor or attorney)
 - e. Caregiver who is not a family member
 - f. Other (specify): _____
- FINANCIAL TRANSACTIONS ADVICE AND ASSISTANCE**
22. Imagine that you have an unexpected expense of \$1000. Based on your current financial situation, how would you pay for this expense? [Select all that apply.]
- a. Put it on my credit card and NOT pay the balance in full at the end of the month
 - b. Put it on my credit card and pay the balance in full at the end of the month
 - c. By taking money out of my savings or checking account or paying with cash
 - d. Using money from a bank loan, line of credit, or overdraft
 - e. By borrowing from a friend or family member
25. In the last three years, did you have a medical expense that cost more than \$1,000 that insurance didn't cover that you had to pay?
- a. Yes

We will next ask you about significant financial events and whether or not you received financial advice.

- b. No
- c. Don't know
26. For your medical expense, please select all the people who you asked for financial advice on how to pay for the care you received.
- Didn't ask for advice
 - Friend(s)/family member(s)
 - Professional(s) (such as a financial advisor or attorney)
 - Caregiver who is not a family member
 - Medical provider
 - Other (specify): _____
27. In the last three years, if your household has experienced major financial stress for any reason, what was the cause? [Select all that apply.]
- We experienced no major financial stress
 - Filing for bankruptcy
 - Receiving a foreclosure notice
 - Losing a job or having work hours and/or income reduced
 - Having a significant health issue
 - Getting separated or divorced or losing a spouse/partner
 - Having unpaid taxes
 - Other (specify): _____
28. In dealing with your financial stress, please select all the people who you asked for financial advice.
- Didn't ask for advice
 - Other family member
 - Caregiver who is not a family member
 - Banker
 - Financial advisor
 - Attorney
 - Friend
 - Community group/Counseling agency
 - Other (specify): _____
- Regarding your finances today . . .
29. Please tell us if you receive more or less help with your everyday money management today than you did three years ago. [By money management we mean things like depositing and transferring money, sending payments, writing checks, and balancing accounts.]
- I didn't receive help three years ago and I don't receive help today
 - More help
 - About the same amount of help
 - Less help
30. If your household needed help covering the costs of your bills and expenses in the last year, please tell us who, if anyone, gave or loaned your household money.
- No one, I didn't need help
 - No one, I couldn't find help
 - Friend(s)/family member(s)
 - Caregiver who is not a family member
 - Other (specify): _____
31. If someone has given you money to help you pay your bills, have you received more or less help recently than you did three years ago?
- I didn't receive help three years ago and I don't receive help today
 - More help
 - About the same amount of help
 - Less help
- Investors gain and lose money all the time in financial markets for a variety of legitimate reasons. However, the following question is about investment fraud.
32. In the last three years, have you been asked to invest in something that you believed, suspected, or later found out to be fraudulent?
- Yes
 - No
 - Don't know
33. In the last three years have you made a major (greater than \$1,000) financial transaction that you later regretted?
- Yes
 - No

34. Why did you regret this transaction?
- I couldn't afford the product or service
 - I paid more than I should have
 - I didn't need the product or service
 - I responded to a strong sales pitch
 - I made a purchase for someone else that I now regret
 - Other (specify): _____

35. Tell us a little more about a transaction in the last three years that you regretted.

(Note: Optional question open to all respondents who reported regretting a major financial transaction in the last three years.)

36. In the last three years have you entered into a major (greater than \$1,000) financial transaction that you did not completely understand at the time?
- Yes
 - No
 - Don't know
37. Compared to five years ago, how confident do you feel in your ability to make financial decisions?
- More confident
 - About the same
 - Less confident

We want to ask a couple of final questions about your planning for someone to make financial decisions for you if you are unable to do so. Some people plan for someone else to make financial decisions for them if they become unable to make these decisions for themselves. They may make informal plans, or they may sign a "power of attorney," which is a legal document that names someone who will make decisions for them now or at some time in the future.

38. Have you named someone who is authorized to make financial decisions for you right now?
- I currently have a power of attorney that names someone else to act on my behalf
 - I have had a power of attorney assigned but cancelled it
 - I have informal plans for someone to act on my behalf but do not have a written power of attorney
 - I have considered having a power of attorney assigned but have not yet taken any steps to accomplish this
 - I have never planned for someone else to make these decisions for me
39. My power of attorney names the following as my agent.
- My spouse
 - Another family member or friend
 - An unrelated caregiver
 - A financial professional
 - An attorney
 - Other (specify): _____

RAND ALP Survey Questions

1. At what age do you think you will stop working?
If you NEVER think you will stop working, please enter 95.
2. I really enjoy going to work. Do you strongly agree, agree, disagree or strongly disagree with that statement?
 - a. Strongly agree
 - b. Agree
 - c. Disagree
 - d. Strongly disagree
 - e. Does not apply
3. Are you doing any work for pay at the present time?
 - a. Yes
 - b. No
4. What is your current employment situation?
 - a. Working now
 - b. Unemployed and looking for work
 - c. Temporarily laid off, on sick or other leave
 - d. Disabled
 - e. Retired
 - f. Homemaker
 - g. Other
5. Do you work for someone else or you self-employed?
 - a. Work for someone else
 - b. Self-employed
 - c. Other
6. I have a sense that time is running out.
1 2 3 4 5 6 7
Very Untrue Very True
7. Do you have a written will?
 - a. Yes
 - b. No
8. Could you tell us what your current living situation is?
 - a. Married or living with a partner
 - b. Separated
 - c. Divorced
 - d. Widowed
 - e. Never married
9. As I have gotten older, my ability to make decisions is:
 - a. Better
 - b. The same
 - c. Not as good
10. Please think about your life as a whole. How satisfied are you with it? Are you completely satisfied, very satisfied, somewhat satisfied, not very satisfied, or not at all satisfied?
 - a. Completely satisfied
 - b. Very satisfied
 - c. Somewhat satisfied
 - d. Not very satisfied
 - e. Not at all satisfied
11. Would you say your health is excellent, very good, good, fair, or poor?
 - a. Excellent
 - b. Very good
 - c. Good
 - d. Fair
 - e. Poor

