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**Selected financial management attitudes and behaviors of low  
income elderly consumers: An exploratory study**

Koonce, Joan Carol, Ph.D.

The Ohio State University, 1988

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300 N. Zeeb Rd.  
Ann Arbor, MI 48106

**Selected Financial Management Attitudes  
and Behaviors of Low Income  
Elderly Consumers: An Exploratory Study**

DISSERTATION

Presented in Partial Fulfillment of the Requirements for  
the Degree Doctor of Philosophy in the Graduate  
School of The Ohio State University

By

Joan Carol Koonce, B.S., M.S.

\* \* \* \* \*

The Ohio State University

1988

Dissertation Committee:

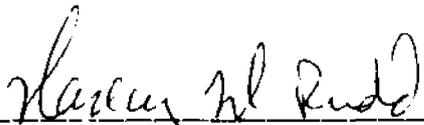
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**DEDICATION**

In Loving Memory of my Mother

Martha B. Koonce

and

Dedicated to my Father

Walter L. Koonce

## ACKNOWLEDGEMENTS

I would like to take this opportunity to express my appreciation to the following people without whom completion of my graduate studies, especially the writing of this dissertation, would have been next to impossible. Sincere appreciation and gratitude is extended to the following:

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## Publications

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Smith, J., Stafford, K., Gritzmacher, J., and Koonce, J. (1986). Clothing Costs of Women Who Earn Income at Home Versus Away from Home. *Proceedings of Association of College Professors of Textiles and Clothing Annual Meeting*, 129.

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## CHAPTER I

### INTRODUCTION

#### BACKGROUND

Both the proportion of the population and number of persons aged 65 and older has grown continuously during this century, and this growth is expected to continue over the next several decades ("An Aging Society," 1984; Butler, 1978; Harrison, 1986; Pitts, 1986; Schick, 1986; U.S. Department of Commerce, 1984; U.S. Senate Special Committee on Aging, 1985-86; Weinstein, 1980). Much of the increase in the elderly population can be attributed to increased life expectancy.

Life expectancy has changed dramatically since the turn of the century. In 1900 the life expectancy at birth of the average person was 47.3 years. This figure increased to 68.2 in 1950. By 1983 the life expectancy for women and men had risen to 78.3 and 71 years, respectively (Schick, 1986; U.S. Senate Special Committee on Aging, 1985-86). Further, life expectancy for both women and men increases as they live longer. Currently, life expectancy for women and men who do not die prior to age 65 is approximately 85 and 80 years, respectively (U.S. Department of Commerce, 1984).

Increased life expectancy has been accompanied by a trend toward early retirement. In the past age 65 was considered the usual retirement age; thus many older people left the labor force at this time. However, many older people are leaving the labor force before age 65 now (Billings, Bocaccino, French & Gold, 1980; Kovar, 1980;

U.S. Senate Special Committee on Aging, 1985-86; Weinstein, 1980). Research has indicated that most people retire voluntarily and that many economic forces will sustain this trend toward early retirement (Fields & Mitchell, 1984; Parnes & Nestel, 1979). Early retirement coupled with increased life expectancy indicates that older persons must stretch their financial resources to accommodate increasingly longer periods of retirement. Many may not have adequate financial resources and experience severe economic hardship.

Although poverty among the elderly has declined in the last 10 years, there are still older people, especially those who had low incomes during their working years, who do not have sufficient incomes to meet their needs (Billings et al., 1980). In the past the poverty rate for persons 65 and over was higher than that for the whole population, but this difference reversed beginning in 1983. In 1985 the poverty rate for persons 65 and over was about 12.5 percent compared to 14.1 percent for persons under 65. However, the poverty rate increases among the elderly as they get older (Schick, 1986). While the poverty rate for persons 65 to 74 is lower than the poverty rate for persons under 65 (10.6 and 14.1 percent, respectively), the poverty rate for the 75 and over age group is 16 percent which is higher than the poverty rate for persons under 65. The poverty rate for persons 85 and over is 18.7 percent (U.S. Department of Commerce, 1987).

In the past, families provided elderly family members with financial resources to help them meet their needs during retirement. However, research has indicated that financial assistance from families to help support their elderly family members is limited now (Moon, 1983). For most older persons, the primary source of income is Social Security ("An Aging Society," 1984; Kovar, 1980; Pitts, 1986; Ruffin, 1984; U.S. Senate Special Committee on Aging, 1985-86). In 1982, 15 percent of persons 65 years

old and over received all of their income from Social Security (U.S. Senate Special Committee on Aging, 1985-86). Many rely heavily on asset income; however, some are not fortunate enough to have asset income. Asset income is not divided evenly among the elderly population. One-third of all persons age 65 and older have no asset income, and of the remaining two-thirds of this group, the lower income group is less likely than the higher income group to have asset income (Schick, 1986). Elderly blacks are less likely to have asset income than elderly whites ("The Black Elderly," 1981). For those persons 65 and over who have financial assets, the latter generally dwindle away at a fast pace during retirement. As a result, they may experience financial problems during the latter years of retirement.

As Americans continue to grow older, emphasis should be placed on the needs and problems of these individuals. Taking into consideration the demographics of older persons highlighted above, it is apparent that many may have problems making ends meet. In fact, appropriate financial management practices may be needed by this group more than any other age group because time and opportunities to recover from financial mistakes are limited. In addition, a fairly large proportion (approximately one-half) of current elderly have less than a high school education (U.S. Department of Commerce, 1984), and many may lack the skills and knowledge needed to effectively manage money in today's complex financial environment.

#### PURPOSE OF THE RESEARCH

Because many elderly individuals have a limited amount of money to spend during retirement and time and opportunities to recover from financial mistakes are also limited, every financial decision they make should be one that will benefit them. This is especially true with respect to low income elderly persons whose resources are

limited. Therefore, it is important that this group of individuals engage in appropriate financial management practices. It is also important that they have access to information which will enable them to make financial decisions that are beneficial to them. However, little research has been done on both the actual financial management practices of elderly consumers, and sources of information used by this same group. Therefore, the purpose of this exploratory study is to examine the financial management practices of a select group of low income senior citizens who are 65 years old and older, with a particular focus on this group's information search behavior.

#### OBJECTIVES OF THE STUDY

The primary objective of the study is to identify subgroups of consumers within the population group studied which can be characterized by similarities with regard to information search behavior and other money management attitudes and behaviors. It is expected that the identification of these groups will be helpful in determining what groups of low income elderly persons may need assistance in the area of financial management. Results could also be helpful in suggesting hypotheses which should be tested on larger samples of low income elderly. The following objectives are developed for investigation.

- 1) To determine the feelings of low income elderly persons about thinking, reading, and/or talking about financial matters, and making financial decisions
- 2) To determine the attitudes and behaviors of low income elderly persons with regard to information search, budgeting, shopping for goods and services, shopping for financial products, using coupons, using senior citizens' discounts, and engaging in other activities to receive value for their money
- 3) To determine the attitudes and behaviors of low income elderly persons with regard to mail advertisements and unasked for phone calls and/or visits from insurance agents

4) To identify patterns of attitudes and behaviors with regard to financial management practices

5) To determine whether data regarding attitudes and behaviors suggest hypotheses with regard to how low income elderly search for and/or use information in making financial decisions

In Chapter II, previous research relevant to this study regarding financial management attitudes and behaviors and information use is reviewed. The study's approach is described in Chapter III and findings are presented in Chapters IV and V. In Chapter VI the study is summarized along with a discussion of its limitations and hypotheses suggested by the findings are proposed.

## **CHAPTER II**

### **LITERATURE REVIEW**

In this chapter, previous research relevant to this study will be reviewed to provide a base for the proposed study. The following types of studies are discussed: 1) studies that examine financial management attitudes and behaviors of consumers, and 2) studies that explore consumer behavior of the elderly with regard to information sources used by this group.

#### **FINANCIAL MANAGEMENT ATTITUDES AND BEHAVIORS OF CONSUMERS**

Research pertaining to financial management attitudes and practices is very limited. The studies that have been done give only general information about financial management. For example, Wells (1959) conducted a study using a sample of 60 rural families in New York in which there was a wife between 19 and 30 years of age. The families interviewed in the study had incomes that were higher than the average family's income in the United States. About one-fourth of the respondents indicated that planning and managing would help them meet their goals. Wells also found that 40 of the families had not sought advice to help make financial decisions, and 17 had sought advice from either parents or financial intermediaries. Van Bortel and Gross (1954) conducted a study with a sample of 52 young women who were in either the high-low or high-middle income groups in Michigan, and found that the lower income group did more financial planning than the upper income group. The lower income group was also more likely to have written plans.

Schnittgrund and Baker (1983) studied the financial management practices of 199 young to middle aged, low income Black, White and Mexican-American families in Arizona. Each group constituted about one-third of the sample. Differences existed by race; however, there was no difference between the racial groups with regard to use of a financial plan. About one third of each group had never had a financial plan. Two reasons given for not having a plan were "we don't need it," and "we have no money, so we just pay what we can" (p. 265).

Godwin and Carroll (1986) studied the financial management beliefs and practices of 73 young to middle-aged couples in Tennessee. The questionnaire was developed based on recommended practices for successful financial management obtained from family finance and family resource management textbooks. It was found that many of the husbands and wives agreed with the majority of the recommended practices. With regard to the following specific recommended practice--families should have written financial goals--it was found that 75.3 percent of the wives and 63 percent of the husbands agreed that it was important. However, only 6.8 percent of the wives and 9.6 percent of the husbands had written financial goals for the next year. An even smaller percentage of wives and husbands had written financial goals for the next five years (2.7 percent and 5.5 percent, respectively), and for the next 20 years (1.4 percent and 4.1 percent, respectively). This implies that even though many respondents agreed with the recommended practices, very few practiced them.

The studies discussed above with regard to financial management attitudes and behaviors of consumers provide only a limited amount of information in this area. These studies provide very little information on low income consumers and no information on low income elderly consumers. Also, several of these studies do not examine specific financial management attitudes and practices. None of the studies explore

the reasons for various attitudes and behaviors. These issues will be explored and information of this kind will be provided in this study.

### CONSUMER BEHAVIOR OF THE ELDERLY WITH REGARD TO INFORMATION SOURCES

Several studies have addressed the elderly's use of information sources. However, the age at which a person is considered an older person varied among studies. Miller and Petrich (1986) studied a sample of 155 persons aged 62 and older in Wisconsin, and found that with regard to the purchasing behaviors of these respondents some were and some were not influenced by specified sources of information. A little more than one-third (36.7 percent) of these persons indicated that their buying behavior was not influenced by either advertisements or other people. Almost half of these persons fell into the oldest age category which was 76 years old and older. Among those who indicated some degree of influence, newspaper advertisements were given the most attention. Less attention was given to television advertisements, or such advertisements were said to influence their buying behavior in a negative way. Nineteen of the people in the sample stated that their buying behavior was influenced by other people. Phillips and Sternthal (1977) suggested that if elderly people believe they lack competence in making a purchase decision, they are more susceptible to influence, with this susceptibility increasing if the elderly are isolated from social contacts.

Klippel and Sweeney (1974) studied 101 persons age 55 and older in Florida and found that "informal" information sources such as "friends, neighbors, family, and retail sales representatives" (p. 164) were more likely to be used by these persons than "formal" information sources such as "newspaper, television, and radio

advertisements" (p. 163). This finding was even more prevalent for those persons who felt they did not have control over their lives. Schiffman (1971) studied retired elderly persons with a mean age of 74 years to determine whether or not internal and external sources of information had any influence on whether these persons tried a new product (a salt substitute). Both internal and external sources of information had an effect on the decision to try the product. Past experience was viewed as an internal source of information; thus, it did have an effect on the decision. The external sources of information included letters, coupons and conversations about the product. Several other studies indicated that elderly persons rely heavily on past experience in making purchase decisions (Schutz, Baird & Hawkes, 1979; Friedman & Wasserman, 1978; Mason & Bearden, 1978). It should be noted that the samples in these studies were relatively young. Respondents in Schutz et al.'s and Mason et al.'s study were 45 years old and older and 55 years old and older, respectively. The median age of the respondents in Friedman et al.'s study was slightly less than 70 years old.

The research reviewed above on information sources used by the elderly provides some insight into what kinds of information this group is more likely to use and not use in making purchasing decisions. However, none of the studies indicated why these persons used or did not use information, nor did they identify sources of information more likely to be used or not used by low income elderly persons. Information of this kind will be explored in this study. Also, much of this research was done on subjects who were less than 65 years old. This study will focus only on low income elderly persons who are at least 65 years old or older.

In summary, research on financial management practices is scarce. Even less attention has been given to the financial management practices of low income consumers, especially low income older persons. Research on consumer behavior and

information sources used by low income elderly persons is also limited. This study aims to fill some of these gaps. Because this is an exploratory study with a small sample size, generalizations cannot be made to the low income elderly population as a whole. However, some insight into the financial management practices of low income elderly persons can be gained.

## CHAPTER III

### APPROACH

Most past research in the area of financial management has been conducted using only closed-ended questionnaires via mail. Thus, information on the financial management behavior of individuals is limited since closed-ended questionnaires do not allow respondents the freedom to explain their attitudes and behaviors. Because elderly individuals, in particular, may have low reading abilities and physical limitations such as bad eyesight and difficulty writing, mail administered questionnaires may also be inappropriate as a data collection tool for such persons. Thus, open-ended questions and personal interviews were utilized in this study.

### DATA

The data used in this study are drawn from a larger study conducted at The Ohio State University. A questionnaire with a combination of closed-ended and open-ended questions was developed, and in depth personal interviews were conducted with low income senior citizens to obtain personal and demographic information, general money management attitudes and behaviors, and attitudes and behaviors with regard to savings accounts, life insurance, and health insurance. Data used in this study were drawn from the general money management section of the questionnaire, and a question regarding the usefulness of information search was drawn from the savings accounts, life insurance, and health insurance sections.

The preliminary version of the questionnaire and the method of data collection were field tested on two elderly, nonmarried persons (one male and one female) over age 65 in Columbus, Ohio. The primary purpose of the field test was questionnaire refinement. After field testing the questionnaire, questions that were unclear or ambiguous were revised.

Prior to the final survey, the interviewers worked together to develop their interviewing techniques to assure that all interviewers would ask the questions in the same way. Interviewing for the urban sample was conducted in late summer and early autumn 1986; interviewing for the rural sample was conducted in late summer and early autumn of 1987.

The sample selected for use in this study is a convenience sample of 99 low income senior citizens located through Cooperative Extension agents, senior citizens' recreational centers, and low income senior citizens' housing complexes. The urban data were obtained from senior centers and housing complexes in Columbus, Ohio, and the rural data were obtained from senior centers and housing complexes in London, Ohio; Richwood, Ohio; Plain City, Ohio, and Circleville, Ohio. This procedure for obtaining the sample was based on the belief that senior citizens would be more likely to agree to be interviewed if someone they knew and/or trusted such as senior citizens' center personnel and directors of housing complexes approached them first. The procedure for finding the sample was also an effective way to identify respondents who possessed the needed characteristics for the study.

The interviewers were introduced to senior citizens by senior citizens' center personnel or directors of the housing complexes who explained the nature of the study to them. Interviewers spent several days visiting informally at each center/complex to establish rapport with the senior citizens. Then both center personnel and the interviewers asked individuals if they would consent to be interviewed.

Once senior citizens agreed to be interviewed, they were assured that information given would be confidential because respondents' names were not obtained. They were informed that the interviews would be tape recorded only because the interviewers could not write as fast as they talked. None of the respondents refused to be tape recorded. They were also informed that the interview took approximately 1 to 1 1/2 hours. If a respondent wanted to stop the interview at any time, they were told they could do so. Only two respondents did not finish the interview.

Respondents were told that there were no right or wrong answers to the attitudinal and behavioral questions, and they were encouraged to give their true attitudes and behaviors. If respondents did not know an answer to a question, they were told it was all right to say so. If a question was not understood by respondents, it was reworded until they understood what was being asked. When the interviewers reworded questions, they tried not to change the question's meaning, but to simplify the terminology used in the question.

### SAMPLE CHARACTERISTICS

The respondents in both the urban and rural samples had an annual income of \$21,000 or less, which is approximately 150 percent of the poverty line for all households headed by an elderly person. This criterion was selected because it would assure that no participants had such high incomes that money management might be of little concern, and it would also avoid limiting the sample entirely to people who were too impoverished to make financial choices.

In the original sample design, the plan was to sample by race, gender, marital status, age, and residence, such that there would be approximately equal numbers of respondents within specified categories of each of these variables. However, this was

not successful because of uncontrollable conditions. For example, very few blacks attended senior citizens' centers in the rural areas; therefore, there are no blacks in the rural sample. Also, some married couples answered questions together even though they were told that only the one who makes the financial decisions should respond. Many of these respondents indicated that they made their decisions together. Therefore, the gender variable was given three codes instead of two; female, male, and both. The frequencies and percentages for these variables are displayed in Table 1.

About one-half of the sample (50) had completed less than 12 years of education, and about one-half of the sample (48) had completed 12 or more years of education. Some of the respondents who had less than 12 years of education had no or very few years of education. Two of the respondents had no formal education, and 25 had only completed between two and eight years of education. Also, only 18 of the 48 respondents who had 12 or more years of education had completed more than 12 years of education. One respondent did not know how many years of education she had completed (Table 1). The educational attainment of this sample is similar to that of the elderly in general (United States Department of Commerce, 1984).

Seventeen respondents had total annual incomes of less than \$5,000. The largest number of respondents had incomes ranging from \$5,000 to \$9,999 and \$10,000 to \$14,000 (38 and 30, respectively). Eleven respondents had incomes that ranged from \$15,000 to \$21,000. Income information was missing for three respondents because they either would not tell or did not know. However, these respondents assured the interviewers that their incomes did not exceed the \$21,000 cut off point. These respondents also received some type of government subsidy such as Supplemental Security Income (SSI) or Medicaid which also indicated that their incomes did not exceed the \$21,000 cut off point (Table 1).

Almost all of the respondents (96) received Social Security benefits, and a little more than half of the respondents (58) received income from a pension. It is interesting to note that a few of these respondents answered no when they were asked if they had income from a pension; however, when they were asked if they had any other sources of income, they stated that they received money from where they used to work. It can be assumed that these respondents did not understand what the term pension meant. Fifty-four respondents had other sources of income such as interest, dividends, gifts from family members, employment income, etc. Among those respondents who had other sources of income, the largest number (40) had interest income (Table 1).

With regard to respondents' perceived adequacy of income, 40 respondents felt that they could not make ends meet, or they had enough to meet their needs but no extra. Only three of these respondents felt that they could not make ends meet. It was surprising to see that even though respondents had low levels of incomes, many felt good about their financial situation. Thirty-five respondents felt that they had enough to meet their needs and a bit extra, and 24 felt that they could nearly always afford the things they needed or wanted. However, some of the respondents who felt they had a bit extra would clarify their answer by stating that they had a little bit extra. One respondent stated that "I make enough to fulfill my needs. I have a little extra." Another respondent who answered in this category said "<J> am very comfortable with what little I have." One other person made the following comment. "That's because I don't demand a lot of things." Another person said that "When you get 76, your wants are not what they were when I was your age." One couple said "We make ends meet, but not very much extra. It's according to how much we demand on our needs." Also, many of the respondents who felt that they

could nearly always afford the things they needed or wanted would specify that their needs or wants are not what they used to be when they were younger. One respondent commented that "My wants aren't too many. I have learned to live with what I have, so I get along very well." One person stated that "I can afford the things I want, but I don't want too much. What I need I can afford, but I don't want to have too big wants or I couldn't." Another respondent said "I have everything I need." These comments help explain the somewhat positive attitudes of these respondents toward their financial situation (Table 1).

Table 1  
*Demographic Characteristics*

Variable	(N=99)	Frequency	Percent
Race:White		72	72.7
Black		27	27.3
Residence:Urban		59	59.6
Rural		40	40.4
Gender:Female		57	57.6
Male		30	30.3
Both (Married Couple)		12	12.1
Age:65 to 74		50	50.5
75 and older		49	49.5
Marital status:Nonmarried		50	50.5
Married		49	49.5
Education:0		2	2.0
2		2	2.0
3		2	2.0
4		2	2.0
5		2	2.0
6		3	3.0
7		2	2.0
8		12	12.1
9		8	8.1
10		7	7.1
11		8	8.1
12		30	30.3
13		2	2.0
14		6	6.1
15		2	2.0
16		6	6.1
17		2	2.0
Don't Know		1	1.0
Annual income:Less than \$5,000		17	17.7
\$5,000 -- \$9,999		38	39.6
\$10,000 -- \$14,999		30	31.3
\$15,000 -- \$21,000		11	11.5
Missing		3	---
Social Security:Yes		96	97.0
No		3	3.0

Table 1 Continued

Variable	Frequency	Percent
Pension:Yes	58	58.6
No	41	41.4
Other income:Yes	54	54.5
No	45	45.5
Other income sources:Interest	40	
Dividends	8	
Employment	8	
Farm/Estate	5	
Sewing and Arts/Crafts	3	
Gifts	2	
Income adequacy:YADEQ1*	40	40.4
YADEQ2	35	35.4
YADEQ3	24	24.2

\*YADEQ1--Can't make ends meet or have enough to meet needs  
but no extra

\*YADEQ2--Have enough to meet needs and a bit extra

\*YADEQ3--Can nearly always afford the things needed  
or wanted

### DATA ANALYSIS

The data used in this study were analyzed using qualitative data analysis. Qualitative research has been used most frequently in the fields of sociology, history, political science, and anthropology. However, researchers in other areas who have traditionally used quantitative methods of data analysis, are beginning to use qualitative data analysis techniques (Miles & Huberman, 1984). Qualitative data analysis is not a single analytical approach but is characterized by the search for meaning in words and behaviors which cannot be reduced to numerical codes without a loss of information. Qualitative analysis of open-ended survey data generally focuses on identification of patterns of interrelationships among perceptions, experiences, beliefs, explanations, and

feelings of the respondents. Instead of developing preconceived hypotheses, the researcher seeks to develop a theory or other conceptual framework to describe the data during data analysis (Locke, Spirduso & Silverman, 1987; Miles & Huberman, 1984).

Several methods of analysis of qualitative data have been described by Lincoln and Guba (1985), Miles and Huberman (1984), and Patton (1980). First, basic descriptions of the topic area can be developed to obtain an overall understanding of the events, situations or group of people being studied. Categorizations of data can also be developed based on emergent patterns or themes. A third method is the development of case studies of individual respondents, situations and/or events to provide in-depth information about the respondents, situations and/or events. All of these procedures were used to analyze the data in this study.

The tapes of the interviews were transcribed by the interviewer who conducted the interviews. The closed-ended questions were coded. This researcher coded all of the rural data and the life insurance and savings accounts section of the questionnaire for the urban sample. The codes for the open-ended responses were created during analysis of the data.

Initially, the researcher examined the sample's general money management attitudes and behaviors. In order to accomplish this task, computer generated frequencies and percentages of the respondents' answers to the closed-ended questions were tabulated and summarized in order to describe all respondents' attitudes and behaviors with regard to money management.

To describe how or why the respondents had particular attitudes and behaviors, information was obtained from the open-ended questions. The researcher read each response. The responses that were similar were grouped, and the number of responses

in each category were computed. For example, all respondents who indicated that they did not read articles or books to learn more about managing money were asked: "Why not?" After reading all the responses pertaining to why they did not, all those who gave similar responses were categorized together. The number in each category was then computed, and the information was summarized. Actual quotes from some of the respondents were cited because the respondents' explanations of their financial management attitudes and behaviors provide additional insight.

The researcher then sought to determine whether demographic characteristics differentiated people who responded in various ways to the money management questions. Four variables, perceived income adequacy, years of education completed, area of residence, and age were analyzed. Subgroups within each demographic characteristic were then examined. Respondents in each of the subgroups within each demographic characteristic were then examined for similarities with regard to other demographic characteristics and general money management attitudes and behaviors. The researcher recorded all relevant information for each respondent on a separate index card. The cards were sorted into subgroups for each demographic characteristic. The respondents in each of the subgroups were then examined for similarities with regard to other characteristics, attitudes, and behaviors as well as for differences with regard to other subgroups within that demographic characteristic.

This analysis did not yield any identifiable differences among groups; that is, respondents who differed with regard to education, perceived income adequacy, age, and area of residence did not differ systematically with regard to the money management attitudes and behaviors measured in this study. This finding may reflect the relative homogeneity of the sample resulting from the eligibility requirement that income not exceed \$21,000.

After searching extensively for variables which would yield discernible patterns among groups, the researcher examined the verbal responses to the open-ended questions. Five distinctive response patterns emerged from this analysis. One was the tendency of some respondents to indicate that lack of education hindered their ability to search for information related to financial management. Another response pattern was characterized by references to religious beliefs as an alternative to the search for money management information. A third group of people indicated that they didn't search for financial management information because they did not have enough money to manage and/or lacked the physical capacities to search for information. A fourth group of persons showed lack of interest in financial management activities or information. Persons in all four of these groups tended to give responses to at least some of the questions that indicated they did not search for financial management information. Therefore, the four groups collectively were labelled "nonsearchers" and the individual subgroups were labelled the "uneducated", the "religious", the "what's the use", and the "uninterested". A fifth group labelled "searchers" was characterized by a variety of responses which indicated an interest in and/or willingness to search for financial management information. Eighteen respondents did not fit in any of these groups and were excluded from this part of the analysis.

Respondents in each of the above groups did not necessarily produce the responses which resulted in their being categorized into these groups in answering the same questions. If the overall picture provided by the data indicated that they were either a searcher or a nonsearcher, and if, among the nonsearchers, they provided a response of the type described among the four nonsearcher groups at least twice during the interview, they were categorized into the designated group. While some respondents made statements that were descriptive of both searchers and nonsearchers, it was

often possible to resolve this apparent inconsistency by reviewing all the data. In many cases, apparent inconsistencies were resolved by respondents' explanations; in others, lack of understanding of a particular question seems to have produced a response inconsistent with other responses. Respondents for whom inconsistencies could not be resolved are among the 18 respondents not included in any group.

Chapter IV contains a description of the sample's general money management attitudes and behaviors from both the closed-ended and open-ended questions. Chapter V describes the groups of low income elderly money managers that emerged from the data including case studies of respondents in each group.

**CHAPTER IV**  
**GENERAL MONEY MANAGEMENT ATTITUDES AND**  
**BEHAVIORS OF THE SAMPLE**

To examine the attitudes and behaviors of the sample with regard to money management in general, questions designed to address several aspects of money management were asked. These questions will be presented below along with the findings.

**INFORMATION SEARCH BEHAVIOR**

In order to determine what actions respondents take when they don't know enough to make a financial decision, they were asked: "When you don't feel you know enough to make a good decision about a financial matter, what do you do? For example, do you not make a decision, make a decision with whatever information you have or go looking for information?" Six of the respondents indicated that they do not make a decision, and 41 said they make a decision with whatever information they have. One-half of the sample (50) indicated that they look for information (Table 2).

Table 2

*Information Search Behavior*

	Frequency	Percent
Don't make a decision	6	6.2
Make a decision with information at hand	41	42.3
Look for information	50	51.5
Missing	2	----
(Total)	(99)	(100.0)

Respondents who stated that they don't make a decision or make a decision with information at hand were asked: "Why don't you look for information?" Even though the responses to these questions varied somewhat, several categories emerged from the data. These categories are presented in table 3.

Table 3

*Reasons Respondents Don't Look For Information*

	Frequency
Can make or try to make own decisions without help from others	16
No particular reason or don't know	11
Cannot get information	6
Don't need information or have enough information	4
It's nobody else's business	2
Someone else makes the financial decisions	2
It's not important	1
It's only someone else's opinion	1
Not interested	1
Because of my budget	1
We get the information from scriptures	1
(Total)	(46)

Sixteen of the respondents who don't make a decision or make a decision with information at hand do not look for information because they feel they are capable of making or try to make their own financial decisions. Their comments follow.

<I am> usually able to solve <the financial decision> myself.

I don't know that I feel like I don't need it <information> unless I got into something where I would have to have some information from somebody else. I just try to make the best— work it out some way.

<I> try to make <the> decision on <my> own. If <I> can't, then <I> usually go to <my> oldest daughter if I have to.

I use my own judgement. Yes, I was interviewed for something some-time ago. Four different people interviewed me and asked me four different things. And, they did not put down what I said at all.

I usually make my own decisions.

It depends on the kind of decision it is. Sometimes, I make my own. If I don't think I can do it, I just don't do it. I forget it.

<We> just never had reason to. We think we are capable of making our decisions. We're still mentally capable.

I know when I make the decision that decision should be made, so I really don't make any decisions that's undecided. I'm sure when I make the decision that decision is the one to make. Well, simply because of the money situation. That <decision> meets our needs, and we don't go any further with it. We just make what we got do.

Well, that <question> is hardly appropriate. That <question> would indicate that I have something bigger than what I have to cope with. I make my own decisions with the information that I got on anything I have to cope with. Oh, I may do some studying on something. If I want to buy a new lawn mower, I want to study what that lawn mower is about. Well, it would depend <on what type of decision it is>, sure. I don't have any stocks that I would go out and see a broker on, them kind of people.

So far I haven't had to. <I> know enough to do it myself.

Well, I usually know what I want and don't want. I just use my own judgement.

Me and her <wife> talk it over. We talk it over. Then, we make a decision after we talk it over. I don't think they know anymore about my business than I know myself.

No reason. We just make our own decisions.

Eleven respondents stated that there is no particular reason why they do not look for information while six respondents felt that there are barriers which prevent them from obtaining information. Responses given by those persons who feel that uncontrollable conditions prevent them from obtaining information follow.

<I> don't know anybody <to get information from>.

I don't know where at <to get information>.

<I> just don't know enough to go looking. <I'm> always used to getting it the hard way.

Well, I go on instinct, whatever I feel like I can do. No, I could if I would, but I just wouldn't. I can't. I have arthritis so bad I just can't get out and <get information>.

Well, if you went to a lawyer, you'd have to pay him. When you're on a fixed income, you just make those decisions. You know there's not gonna be any more coming in anyway.

Well, I just do that with whatever I got. I just take one day at the time and work it out. I'm not able to just get out and go do this and do that and do the other. I just sit up there with my television. I forget sometimes. I'm lame brain. That's what I call it.

Four respondents did not think they need information. One of these respondents said "I have enough <information> for my needs." Another respondent made the following comment. "Well, I just don't go in for anything that would take that much <information>, you know. We have our house. We have everything. We have our car. So, we don't make any big decisions." One person said directly that "I don't need none <information>," and another said "Well, I never felt the need."

Two respondents were secretive about their financial matters. They felt that their financial matters or decisions are nobody else's business. One of these respondents stated that "<I> don't mention <my> personal business to everybody. <I> keep <my> thoughts to myself." The other respondent said "Well, for one reason it's nobody else's business unless I would discuss it with a lawyer, and I do have a good lawyer that I can even call him on the phone and talk to him." Another two respondents indicated that someone else makes their financial decisions. One of these responded by saying "I'm gonna tell you the truth. I let my husband do it which is wrong, I know, because I should know a little more about this stuff. We discuss things together sometimes, but I've never had to make a very big financial decision on my own yet. I probably will someday."

The remaining types of reasons given by persons for not looking for information when they don't know enough to make a good financial decision were made by only one respondent in each case. One person felt that information is not important. Another person felt that it is only someone else's opinion, and information is within a person. This person said "Well, all information is within yourself if you really want it. Well, it's all one man's opinion, and they got it from some other man or some other book. And, I figure it's my decision and I have to live with it, so I find out what I can about it. But, I usually just make my own decisions and never look back and live with them." Reasons given by two other respondents were "not interested" and "because of my budget on my income." Another respondent said "We would get the information. I have a passage in the scripture. I get the information to know how to handle the budget. You read that passage in the scripture. So, that's what I'd do."

The 50 respondents who indicated that they look for information when they don't know enough to make a good financial decision were asked: "Where or from whom do you seek information?" The categories derived from the answers to this question are noted in table 4. Some people gave more than one response.

Table 4

*Where Respondents Would Obtain Information*

	Frequency
Relative/Friend	27
Bank/Banker/Savings and Loan	8
Counselor/CPA/Stock Broker	5
Lawyer	5
It depends on the type of financial decision	5
Senior citizens' center	3
Higher person than myself	2
Library	2
Minister/Lord	2
No one in particular	2
News	1
(Total)	(62)

Among those respondents who said they look for information, 27 said they obtain information from a relative or friend. Their responses follow.

I generally talk to my sons <or> daughters.

<I'd seek information> from a friend that's in the stock business with the Ohio Company.

<I'd consult> my daughter-in-law. She is a financial planner.

When I can't make a decision, my husband always does. I go to him.

I have two son-in-laws who are well educated boys, very well educated boys, and I would consult them on matters that they are able to help me on things like that.

I usually ask my daughter.

<I'd consult> my daughter. She worked for Ohio Bell for 22 years. She's not an operator; she's a computer something.

Well, I usually ask my family what they think.

My daughter and I usually talk everything over.

Well, I got a friend at the bank I go to, president at the bank. I go to him. He's an excellent good friend.

I try to look for information. If I don't, I won't do it. Oh, I --sometimes I ask at the bank, or I ask my children or ask friends.

I have a daughter who lives in Chillicothe, and when I get to where I don't know what to do myself or what I should do, I'll contact her. She'll come out. In fact, she mostly takes care of my checking account cause I get it messed up all the time. She does that. She advises me on what I should do.

Eight respondents said they get information from bank or savings and loan personnel. One of these respondents said "If we don't know, we usually talk to a banker. So far they've been very truthful." Another person said "<I'd consult <a> banker. <I> used to go to <my> brother-in-law (attorney), but he died." One other respondent made the following comment. "<I'd go> to the bank, or I have a little bit of dealings with Merrill Lynch."

Five respondents stated that they get information from a counselor, certified public accountant (CPA) or a stock broker, and five respondents said they get information from an attorney. Some of the actual verbal responses of those persons who said they look for information from these sources follow.

<I would seek information> from counseling, telephone counseling. They would advise me where to get information from.

It would depend. We have a pretty good lawyer that we would probably get his advice or maybe some of <my> husband's friends at Batelle.

I'd consult my attorney. And, my son and daughter always say do this or don't do that mom.

<I would consult> counselors like come up here at the <senior> center. At different times I find specific people to give me information. I look at the news to get all the information I need. <My> son also advises me.

I usually talk to my lawyer.

<I would consult> a CPA. My step son is a public accountant.

Five respondents did not give any specific sources of information. Instead, these persons felt that the sources of information they seek depend on the type of financial decision they encounter. They commented as follows.

I'd go to the source of whatever it would be that I'd be asking for. If I wanted to know anything about finances, I'd go to the bank. If I wanted to know anything about insurance, I'd go to the insurance headquarters.

<I> have some certificates that are maturing, so <I'd> talk to someone at IDS.

But, usually I know what to do. <I'd> ask someone who has been doing whatever it is I am thinking about for a long time.

<It's> depending upon the question involved. If it is financial, I could use the bank. I don't have any problems.

Well, I usually wait until I have more information or feel more sure about spending my money. Oh yes, if I were buying an appliance, buying a car or anything like that, I certainly would. Well, it depends on what the item was. If it were an appliance, after hearing the salesman's pitch, then I usually resort to asking someone I know if they have the same equipment if they were satisfied. And then, of course, with me I would be likely in that case to consult the extension and get a book on it.

Three persons stated that they get information from the Senior Citizens' Recreational Center. One respondent said "A lot of times I hear it right up here in the building <Senior Citizens' Center>—programs and field trips and the Governors Conference on Aging—seminars they are." Another respondent said "<I get information>

right here at the <Senior Citizens> Center. We have a woman that helps on those things."

Two respondents indicated that they go to someone higher or more knowledgeable than themselves. One of these respondents said "<I would consult> somebody that knows more than I do. <I would consult> somebody that's educated in that line." Another two persons said they get information from the library, and two persons said they go to a minister or the Lord. One of these respondents said "Well, I try to look from some other sources, and then I usually pray about it. I go to the Lord a lot, and he guides and directs me." When this respondent was probed for more information, the following response was given. "Well, <I> usually <get information> from the different banks. Well, if my CDs come due or something, <I would consult> somebody that I feel like would be able to help me or that would be in the position to help me. That's it." Two respondents said they consult no one in particular, and another respondent said he gets information from the news.

### INTEREST IN FINANCIAL MANAGEMENT

To learn about respondents' feelings toward thinking, reading, and discussing financial matters, and making financial decisions, they were asked the following question. "Some people enjoy thinking, reading, and/or talking about financial matters, and making financial decisions. Others really dislike it. How would you describe yourself?" "What do you like/dislike about it?" Many respondents had difficulty answering this question because they felt that they do not make many financial decisions at this point in their lives. However, twenty-six respondents said they like it, and twenty-one said they dislike it. A large number of the respondents (51) were either neutral or gave some other response to the question. Many of the responses

coded "other" did not really answer the question asked. The responses to this question are noted in table 5.

Table 5

*Feelings About Financial Matters And Making Financial Decisions*

	Frequency	Percent
Like it	26	26.3
Dislike it	21	21.2
Other/Neutral	51	51.5
(Total)	(99)	(100.0)

Among those persons who indicated that they like it, two persons said that even though they like it, they do not make financial decisions anymore. Four persons stated that they only like it if it deals with their interest or if it helps them make their money go farther. Three persons said they have always liked it, and two others said they like it but cannot do it anymore because of poor health or bad eyesight. Comments made by those persons who indicated that they like thinking, reading, and/or talking about financial matters, and making financial decisions are provided below.

I don't think I could qualify to say that I made any great financial decisions because I don't; I just go along. I enjoyed it, I suppose <when I made decisions>.

<I> enjoy counting my money. <I'm> looking forward to the first of the month, getting my checks. <I> make financial decisions myself and enjoy doing it. <I> never made a financial decision while my wife was alive. She made them all. Now I have to make them

I like to talk about it. <For example>, how you can manage so your money goes farther.

<I> like it. <I> don't know <what I like about it>, but <I> have to make my own. <I> don't have any choice.

<I> read books and stuff like that. <I> like it. <I> don't make financial decisions.

<I> like to talk in general, and I read a lot. I look at a lot of TV. <You> can get a lot of good ideas from there.

<I> like it if it deals with my interest.

Oh, I like to know what's going on. I like to know who's doing better than I am and just things like that. But, I like to know how they're going to get along--how they manage their money.

Well, I do most of the managing. Oh, I can't say I really dislike it. It wouldn't be a pain in the neck I don't say. I think I enjoy it. I've always been interested in bookkeeping. That's what I used to do when I was working before I got married--secretary and bookkeeper. So, I guess I just fell into it. When we got married, I took care of the books, and I've kept it up ever since.

I've always liked figures--both kinds. <I like> the kind you write down and the kind that walk in front of you. It's kind of a challenge. My work was in numbers mostly. I was a plant manager and come up through the industrial engineering. I was head of industrial engineering and several other departments--purchasing.

I like talking about it, but I don't read very much since my eyesight have gone bad.

<I> like thinking, reading, and talking about it.

<I> like it, but I can't make it so good now since I had this stroke. I need help now.

I like thinking and reading about it, but I don't like talking about it too much.

I like talking about them <financial matters>.

I like everything in general. We do a little bit of everything.

Oh, I kind of like it. Well, now such as the program Money Line, I really enjoy listening to those programs on television. And, you know, how people perceive what the stock market is going to do and what it is not going to do. But, I guess I don't have money to get myself involved in the stock market. But, it's very interesting to me. I mean I have always been...I just kind of like to do things like that.

Well, I like to...I read a lot of stuff on it and try to keep up with whatever's going on. Well, just to keep abreast of what's going on in case I hit the lottery and win a million dollars.

Part of the time <I like it>. Not exactly as I know of <there is nothing in particular that I like about it>.

I like to talk about it. That's about all. <I> just <talk about> the needs of my home. That's all I worry about.

I think I kinda like it. Oh, you just see if you can make more money.

Oh, I like it. <I like> where to go and spin the winner.

Among those persons who said they dislike it, six persons said they dislike it because they do not have a good enough background in the area of finance or enough education to understand it. Four persons said that they do not know why they dislike it. Three persons felt that they do not have enough money to worry about it, and two persons just said they do not want to be bothered with it. Responses given by those persons who indicated that they dislike thinking, reading, and/or talking about financial matters, and making financial decisions are given below.

<I> dislike <it>. I don't want to be bothered. It's not a priority in our lives, never has been. We just go along without trying to worry about it. We figure it will work out all right.

I dislike it because I don't know nothing about it.

<I> never did like to make decisions. <I> like to try and work it out myself. <I> pray about it.

<I> dislike it. <I> don't know <what I dislike about it>.

<I> dislike it. <There's> nothing in particular <I dislike about it>.

<I> dislike it. <I> hate thinking about it because I hear so many people talking about how much they got.

<I> dislike it. I did not have a good enough background in financial things.

I don't talk about it. I don't like talking about it. I read a lot.

I don't like to talk about it. I enjoyed this morning when I was talking to these two fellows <insurance agents>, and it was insurance that I didn't know that you could get. And then I was refused, and so I even thought more about it. In fact, I was ready, I'm ready. I could even sell it because it's so important. <It was> nursing home insurance. But as a rule, I don't have an interest this substantial.

I like to dream if I had more. It's a pain in the neck. That's for sure.

I dislike talking about it because I don't like telling people my business.

I dislike it. I don't want to be bothered with it. I just want enough to tend to it, pay for it and let it go.

<I> dislike it. I didn't get any schooling. That's my biggest trouble.

<I> dislike it. <I> do it only because I have to. Well, if we had more of an income, it would be interesting.

<I> dislike it. A lot of it I don't understand.

I don't like it. I don't indulge in it. <There's> no reason <why I don't like it>.

Well, I don't like having to make financial decisions. Oh. I don't know <why I don't like it>. It bothers me to make decisions. The last few years I've been very nervous. I lost my husband, and I had a breakdown. And, it just bothers me. It disturbs me.

I don't like it. One reason is that I can't see too well. I don't know. It's just hard to put in words.

<I> dislike it. I don't see an ultimate end other than... When you're on a fixed income, well that's just the end of it. So, there's no sense in thinking so much about it. You can't do anything about it.

I dislike it. I am not a good business woman, so I let my husband do all that. See, he looks after that.

I don't enjoy it.

The following statements were given by those respondents who were neutral when asked whether or not they enjoy thinking, reading, and/or talking about financial matters, and making financial decisions.

Depending upon what it is <I> may like <it> or dislike <it>. It's in between. <It> depends on <the> type of decision.

I do do that, but I'm in between. I don't really dislike it. I have many hospital bills. It creates problems.

We're interested in financial matters. We don't dislike them, but neither is it our hobby. My late sister made a hobby of financial transactions. She played the stock market.

Well, I don't enjoy it, and it isn't an agony. I just do it. You just do the best you know how.

<It's> down the middle of the road.

Well, I guess it's just in between. If it has to be done, I do it. But, it's not one of those things I want to dwell on too long.

<It's> 50/50, I suppose. Well, I just don't want to pinpoint money— my money right down. But, I want a general idea.

I don't think about it one way or the other. I mean I just... I read about it. I like to read anything and everything, so...

Oh, it don't make no difference to me. I'll talk about it.

Well, I don't just dislike <it>. It don't make much difference to me to tell you the truth. I don't really dislike it.

It doesn't matter. As a matter of fact, there are lots of acquaintances I know that want to ask you a lot of things that aren't any of their business. So if it doesn't concern them, I don't have anything to say about it. I am not going to ask you your private business, and I don't figure you have a right to ask me.

Well, it don't offend me. So, you know, I tell them what I want them to know anyway, you know.

The respondents who gave answers that were coded other are noted below. As can be seen, the responses were so varied that grouping was not possible.

<We> discuss <financial matters> when <it is> necessary. <We> don't just sit around talking finances all the time. If there is anything to talk about, we talk about it.

I don't mind it cause it has to be done. If I have a financial situation or got bills that have to be solved, I got to solve it. I seem to manage very well with it, although at times, it gets to be a hassle doing it alone. <There's> no one in the house to say would you do this, or would you do that.

Really nothing bothers me. I've been a bookkeeper for 34 years.

I like reading. I read it, but <I'm> not too interested in it.

I don't mind talking about it.

No, <don't> really like it. Well, of course, everybody thinks about them at sometimes, but there's so much more interesting things to do. Why waste too much time on things you can't change.

Well, truly I don't discuss any financial things. I just go ahead and pay my bills and don't discuss it with anybody because I feel like it's my responsibility. I owe and I pay it. I never tried it <making financial decisions>. I listen, let's put it that way, I listen.

<I> don't mind talking about it. <I> don't dread making financial decisions. <It> is something me and my husband do together.

I don't <make financial decisions>. My wife takes care of that.

<I> don't see no need about talking about it. <You> might as well talk about something else. We have a church to talk about. I pray with people over the telephone. I was called to preaching in 1940. <I> think about preaching, etc. more than anything else.

I'm kind of wishy washy on that. My husband likes to talk about finances. Of course, I think the men are more versed than women unless they really study it. I just don't think I know about monies, other than just to manage our own.

If we can afford it, we do it. If we can't, we don't. I don't worry about it or think about it.

I've had to take over doing it since my husband has got so bad. I'd never done it before. I got smart too late.

<I> put it in the hands of the Lord and go ahead to do the best I can.

Well, I don't make too many financial decisions cause I don't do nothing. I can't really say because I don't have no... You see in my case with being retired, we don't have the opportunities a lot of them—nothing coming our way that I need. So, I don't make decisions. I don't have that need.

I don't do too much talking about it. Reading or thinking about it is OK.

I read everything I get my hands on. I read it because I understand it better if I read it. I don't do much of thinking or talking about it because I keep my own financial matters to myself, and I don't have any people close enough to me to talk about finances. I think I am adequately prepared for any contingency that would come along. That does not mean I have money. That means I have insurance and that sort of thing. I have arranged my own funeral.

Well, I think we have to know a little something to make the right decisions. I don't think we should be really completely ignorant of it, so I do like to know a little bit about what's going on.

At my age, well, I just don't think too much about those things, no.

I just make my own <financial decisions>.

Well, I don't discuss things with other people unless if I go to someone that I have a lot of confidence in. I go to a banker, a lawyer, or someone that I—that knows more than I do and get their advice if it's something I can't handle myself. But, I don't make a big production of it. I've never had that many finances to worry about.

I just sit up there and do it the best I can. I don't... I'm not one to reach out for too much help. It broke my heart when they told me to get SSI, some extra, so I could be able to do that cause I ended up in the hospital so many times. And, I cried all the way through it. I didn't want to ask for extra help. But, they can stop that any time they want to, see.

I don't talk about my financial matters to anyone unless it happens to be family. I love to read, and I used to sew quite a bit—quilting, you know. But, after my back got bad, I can't quilt anymore.

We don't have any problems. We talk about it. We don't spend anything without talking to the other one.

We make our financial decisions between each other. We talk about it.

Well, I... I don't really have an opinion on that. I don't know what...

Well, I can really relate to it, you know. Like I said, <I'm> making my own decisions, not that I may always be able to. But, right now I can relate to it and feel confident. I always had to, all through the years—my married life. My husband has always depended on me to make the financial decisions. You have to develop a like for it.

I just like talking about everybody, and I don't like reading. But, I love to play bingo. <I talk about financial matters> with my daughter, yes. I always tell her <daughter> to figure that we can pay all the bills.

Well, I like to read myself. We're not too interested in that sort of stuff <financial matters>—everyday occurrences, I'd say. When you get our age, you're not caring whether you get anymore or not as long as you got enough to go on, and we got enough to go on. So, we're not interested in getting a whole lot of money, not at this point.

I don't pay too much attention to it, I guess. I just know what we have and just, you know...

Well, I just don't do it <make financial decisions>. That's all.

Well, nobody but just me and my husband, and that's the only one <I talk to>. No, we've never had that kind of problem. We never had that kind of money that we could go in and talk to anybody about it.

You can see it isn't me. I don't know if I dislike it. I just never had to do it. I mean I probably could do it if I had done it, but he's <husband> always taken care of the finances and that's... Every once in a while he takes a snag about I should learn this and learn that. Well, OK. I can't absorb it that quick when he starts describing things. Whenever he's gone if he goes before I do, I'll probably have an awful mess.

Well, the only way I talk about financial matters is trying to live within my income.

Well, I just don't read about it. I wait till it comes up then that's, you know—then that's when I study on it, which way I can go.

I make do what I have. I don't know where any other would come from.

Well, I would rather talk about it and get it out in the open.

### USE OF FINANCIAL MANAGEMENT LITERATURE

To determine whether or not this group of low income elderly persons read money management literature to increase their ability to manage their own finances, they were asked: "Do you ever read articles or books about money matters just to learn more about managing money?" If respondents answered yes, they were asked: "Could you give me some examples?" If respondents answered no, they were asked: "Why not?" The responses to these questions are displayed in tables 6, 7 and 8.

Thirty respondents said that they do read articles or books about money management, and 69 responded that they don't (Table 6). However, it is important to note that some respondents who said they read articles or books gave examples of things that were not really money management literature (Table 7).

Table 6

*No. of Respondents Who Read Money Management Literature*

	Frequency	Percent
Read articles or books	30	30.3
Don't read articles or books	69	69.7
(Total)	(99)	(100.0)

Among those who read articles or books, the largest number (10) stated that they read the newspaper. Nine persons said they did not know the titles of the articles or books they read, or they read no articles or books in particular. Eight respondents said they read some type of magazine. The titles given by some of these persons include AARP magazine, Senior Citizens' magazine, farm publications, *Better Homes and Gardens*, *Newsweek* and other news magazines. Three respondents stated that they read literature that was obtained from the bank. One person read information from the Cooperative Extension Service, and another respondent said that she read a book put out by the Social Security Administration. The following reply was made by another respondent. "<I> seldom <read articles or books>. <I> don't understand them."

Responses given by those persons who said they read the newspaper are given below.

<I read the> newspaper—grocery things, ads. <I> go through all grocery ads to see what is cheapest.

<I read the> newspaper, *Columbus Dispatch*.

<I> can't recall, but more newspaper articles than anything else.

<I> can't recall. <I read the> newspaper. There's always a page in there talking about money, interest, investments and things. I read it, not that I got anything to invest, just in case. Just suppose I did hit the lottery (I don't play), and I was a million dollar <winner>. If I hit it and win that million dollars, don't you think I would need some

Table 7

*Money Management Literature Read By Respondents*

	Frequency
Newspaper	10
Don't know the titles or no literature in particular	9
Magazines	8
Bank literature	3
Extension information	1
Social security book	1
Don't understand them	1
(Total)	(33)

financial advice for investing that? I don't just want to bring it home and take it to the bank and lay it down. So naturally, this is something I think about. I'd have to invest this million dollars, so it would make something. I don't make nothing in <a> savings or checking account.

We read the financial section in the newspaper, and we may pick up some of the magazines known for their financial approach, but that's about the extent of it. We do read financial things just because of our general interest. But, to say we're going to read some books and find out how to manage our money better, I think we're past that point. <We> don't have that much money to manage anymore.

I read the financial page <in the newspaper>. I just scan it.

I read them, but I don't have enough to put into stocks and things. <I read the> newspaper <and> *Better Homes and Gardens*.

I read the business section in the newspaper and that's about it. I look at the rate of interest and the value of the dollar and how it fluctuates between here and Canada.

I read the newspaper very, very well and *Columbus Monthly*.

Several reasons for not reading money management literature were given by respondents who do not read articles or books. The categories that emerged from the responses are displayed in table 8.

Table 8

*Reasons Respondents Don't Read Money Management Literature*

	Frequency
No money to manage	17
Not able to read or don't read	16
Can manage own money	13
Not interested or not interesting	7
No particular reason	7
Don't bother or take the time	6
It's not going to help	2
I'm as smart as they are	1
I know enough	1
Don't have any articles or books	1
(Total)	(71)

As can be seen from this table, the largest number of respondents do not read articles or books because they feel they do not have enough money to manage (17). Their comments follow.

<My> money don't go that far.

I don't have enough money to worry about.

<I> just have a certain amount and when you pay your necessary bills, you have such a little bit left over you don't need to go anywhere to learn what to do with that little bit. <I> just hang on to it.

If I had some <money> or if my rich uncle would die and leave me two or three hundred thousand <dollars>, then that might be different.

If I had, say, a million dollars, then I would go and see what to do with it. But since I don't have, I don't need any information.

Well, because I haven't had any money to manage.

They are not about people, and I like to read about people or to know people. And since I don't have any money, it doesn't matter.

I don't see no need because I don't have that much I'd have to read about managing.

I haven't so far. Well, wait a minute—the book BancOhio puts out, you know. But just to get a hard back book and sit down to read it, no. Well, I don't have that much money to invest to be that concerned about it.

The reason I wouldn't is because in the first place, I wouldn't have any money to invest. If I was 10 or 15 years younger, I would probably look at it differently. But at this age, there are some things you just don't do.

Well, I suppose if I was a millionaire, boy would I read them. I know what I am going to do with my money.

Well, I didn't think it was necessary when you don't got no money to manage. Why should I worry about managing money when I don't have any to manage?

Well, I just don't. What little I've read about managing money matters didn't help in my situation. I don't have money to speculate with let's say.

I don't have any to manage.

We don't have that much to manage.

I don't see any reason to <read money management literature>, not for what I have, you know.

Another large group of respondents indicated that they cannot read, or cannot understand such material for various reasons or don't read (16). Comments include:

<I'm> not able to read is why. <I'm not able> because of my sight.

Maybe I just really don't understand it. I suppose I should, but I haven't.

It's too complicated for my education.

Not anymore, no. My eyes are going bad.

My eyesight is bad.

I didn't get any schooling.

I can't do much reading. I didn't get the education you'll got when I was coming along.

Maybe a little articles, but no books. My eyes are not that good.

Because I can't see to read it.

Cause I ain't that good a reader.

I just don't want to. I'm not that good a reader. I just don't care that much about reading.

Well, half the time you read things like that especially where—like us—we don't have no education, and a lot of it is above our heads. You know what I mean. A lot of it we don't understand after we read.

I don't do much reading. <I> only try to read about social security information.

I'm not a reader.

I don't remember what I've read.

Thirteen respondents feel they can manage what money they have themselves without reading financial management material. Their responses are noted below.

What little bit I get, I can manage.

<There's> no reason why not. I can manage money.

<I can> manage on what I have.

<I> can manage what I got. Money is ruining the world.

What money I handle, I think I can figure it out for myself.

I've been able through my years to manage and get along.

Because I can manage what little bit I have. I have to hit the lottery or something and get some millions, then I will need some help.

We know how to manage our money. We ain't got enough to worry about.

Well, I know how to manage it. I think I manage it pretty good.

We think we are capable. We're still mentally capable.

Well, my finances are very simple. All my money is in insured CDs, and otherwise I just get Social Security. So, it really is very simple.

We're too far along in life. We can manage what we got. We try to anyhow.

I keep my bills under my budget, and I don't have to worry about it.

Seven respondents were either not interested in money management literature or felt that the literature was not interesting. One respondent stated that "I never was interested in that. All I wanted to do was make ends meet." One of these respondents replied "<It> just don't interest me. I like to read but not those kind." One person responded "I am not so interested in them. I read the Bible everyday." An explanation given by another respondent was "I guess I am satisfied with what the Lord is doing for me, so I just don't read them. I accept my income, so why read all these books I am not interested in."

Seven respondents gave no reason for why they do not read articles or books, and six respondents just did not bother to read articles or books about money management. Some of these respondents did mention that they do not have time or do not take time to read this kind of literature. Others said that they just don't fool with it, believe in it or search for it.

Two respondents believed that reading this type of literature is not helpful to them. One of these respondents made the following comment. "It ain't gonna help me any. I ain't gonna make no money nohow on it. God said he would take care of us if we depend on him." One respondent felt that he is as smart as any money management literature, and another person felt that he knows enough about managing money. One couple said that that they do not have any articles or books about money management.

### USE OF FINANCIAL MANAGEMENT PROGRAMS

In order to determine whether or not the media is a good source of information for this group of low income older persons to learn more about managing money, they were asked the following question. "Do you ever listen to TV or radio programs about money management?" If respondents answered yes, they were asked: "Which ones?" If respondents answered no, they were asked: "Why not?" The responses to these questions are displayed in tables 9, 10 and 11.

The majority of the sample (60) indicated that they don't listen to TV or radio programs about money management (Table 9). Very few of the respondents who said they listen to TV or radio programs could actually give the names of these programs. Twenty respondents said either they can't recall the names, or they listen to no programs in particular. Many respondents named TV channels, radio stations, talk shows, advertisements, etc. instead of actual names of programs. However, four persons said they listen to "Wall Street Week," and two persons said they listen to the "MacNeil/Lehrer Report" (Table 10).

Table 9

*No. of Respondents Who Listen To Money Management Programs*

	Frequency	Percent
Listen or TV or radio	39	39.4
Don't listen to TV or radio	60	60.6
(Total)	(99)	(100.0)

Table 10

*Money Management Programs Listened To By Respondents*

	Frequency
No ones in particular or can't recall	20
Wall Street Week	4
Channel 4	4
Channel 34	3
News	3
Talk shows	2
MacNeil/Lehrer Report	2
Kroger ads on TV	1
OSU radio station	1
Farm program	1
Secretary of the U.S. Chamber of Commerce Program	1
Washington Week	1
President--Harry Truman	1
Don't have that much money to worry about	1
(Total)	(45)

Reasons given by respondents who don't listen to TV or radio programs about money management were very similar to those reasons given for not reading articles or books about money management because the majority of the respondents gave the same answer for both questions. Therefore, some of the same categories emerged from the responses. For this reason, verbal comments will only be given for those categories that are not the same in both cases. However, the number of respondents who answered in each category are highlighted in table 11.

Table 11

*Reasons Respondents Don't Listen To Money Management Programs*

	Frequency
No money to manage	9
Can manage own money	9
Don't bother or take time	9
Not aware of any	7
Not interested or not interesting	6
Too busy watching soap operas	5
Don't listen to TV or radio or don't have TV or radio	5
No particular reason	4
It doesn't help me	3
Only someone else's opinion	2
Don't understand them	2
Satisfied	1
Prefer to get advice elsewhere	1
Don't have confidence in them	1
(Total)	(64)

Nine respondents stated that they do not listen to TV or radio programs about money management because they don't have enough money to manage. Another nine persons felt that they can manage their own money, and nine persons said they just do not bother or take the time.

Seven persons were not aware of any money management programs either on TV or radio. One of these respondents said "Well, I never heard of any. I don't think. What are they?" Another one of these respondents said "No, I don't never see any of them managing money. I do like to watch soap operas. I don't know of any, so I don't look for any on money management. Like I said, I don't have enough money to speculate, so...."

Six respondents were not interested in money management programs or thought these kind of programs are not interesting. Five respondents said they do not have time to listen to money management programs because they are too busy watching soap operas. One of these respondents made the following statement. "I listen to the soap operas and all that crap. I just don't listen to it. I watch television and watch the world go by, you know, just passing time away." Five other respondents said either they don't listen to TV or radio, or they don't have a TV or radio. Four respondents gave no reason for not listening to TV or radio about money management, and three respondents felt that listening to these kind of programs is not helpful to them.

Two persons said it is only someone else's opinion. One of these persons made the following reply. "You're only gonna get someone's opinion there, and <it> isn't always good for me. <I was> selling something years ago. We had a florist business, and we advertised on the radio. They told us what they were gonna say. We didn't tell them." The other person made the following statement. "It's just one man's

opinion. Mine is just as good as theirs." Two respondents said they do not listen to these kind of programs because they do not understand them. One respondent indicated that at the present time he was satisfied, and one respondent said she prefers to get advice from another source such as an attorney or family member. One person stated that she does not have confidence in some money management programs.

### MONEY SAVING ACTIVITIES

Because most low income older persons are on a fixed income, a question was designed to determine what persons in this group do to try and make their money go farther. In order to obtain this information, they were asked: "Do you do anything in particular to try and get the most for your money?" Specifically, they were asked: "Do you have a budget, shop around for goods and services, shop around for financial products such as insurance and savings, use coupons, use senior citizens' discounts and do anything else to get the most for your money?" The respondents' answers to these questions are presented in table 12.

Table 12

*Actions Taken By Respondents To Get The Most For Their Money*

	(N=99)	Frequency	Percent
Budget:Yes		48	48.5
No		50	50.5
Don't know		1	1.0
Shop around for goods and services:Yes		69	69.7
No		30	30.3
Shop around for financial products:Yes		29	29.3
No		70	70.7
Use coupons:Yes		83	83.8
No		16	16.2
Use senior citizens' discounts:Yes		91	91.9
No		8	8.1
Anything else:Yes		48	48.5
No		51	51.5

An almost equal number of respondents said they do and do not budget (48 and 50, respectively). Many of the respondents who said they had a budget would clarify their answer by saying that they do not spend over their income. Some would specify that they had a mental budget. Others would laugh and say I have a budget, but I don't stay on it. Thus, these persons may not have detailed written budgets. One respondent said he does not know whether he has a budget or not.

A large number of respondents (69) said they shop around for goods and services. Among those persons who stated that they do not shop around for goods and services, some mentioned that they are not able to do much shopping around anymore both because of lack of transportation and health reasons. Very few respondents (29) indicated that they shop around for financial products. Some respondents would note that

they do not shop around for financial products because they have had these products (insurance and savings) for a number of years, so they just stick with the products already owned. The majority of the respondents said they do use coupons and senior citizens' discounts (83 and 91, respectively). Forty-eight respondents stated that they do other things to get the most for their money.

Many of those persons who said they do other things to try and get the most for their money mentioned things such as looking for sales, shopping for bargains and spending wisely. A few stated that they can foods. Responses given by those persons who said they do other things to try and stretch their dollar follow.

I buy cheap as I can.

<I> take <my> Buckeye card and get cheese and butter when they give it out and stuff like that. <I> have to. <I> ride <the> bus for twenty five cents.

<I go to> garage sales.

<I> buy on sale if it's good merchandise. You have to know merchandise to buy on sale.

<I> just watch <my> spending. <I> don't buy high price cuts of meat, etc. <I> don't buy clothing if it will go over my monthly income.

<I> sell crafts. <I> have been selling them for 15 years.

<I> go to yard sales.

<I> don't eat no fine food. <I> watch my food and how I handle it.

I do a lot of canning--vegetables and so forth.

<I> watch the heat and air conditioning.

I bank a certain amount monthly.

I use the COTA bus. I really don't have too much trouble with my finances unless something unexpected comes up.

Well, I just do without a lot of things. First things come first. And others, when you don't have money for it, you just don't use it. I do some canning when I can get anything to can.

Well, the only thing I can say is that I am careful not to buy a lot of things I don't need or have no use for.

Well, I can a lot.

Well, in groceries, I always watch the prices.

### PURCHASES VIA MAIL ADVERTISEMENTS

To learn what attitudes and behaviors the sample had with regard to mail advertisements, which are frequently targeted at the elderly, several questions were asked. One of the questions was: "Do you receive material in the mail asking you to buy insurance, make investments or buy other products? I don't mean just advertisements but materials which include order forms." If respondents answered yes, then they were asked: "How often do you read this kind of mail?" As noted in table 13, almost all of the respondents (90) indicated that they receive this kind of mail. However, only 21 of those persons who receive this kind of mail said they always read it. It is important to note that many of these persons said that they read it, but then they throw it away. Forty-six indicated that they sometimes read this kind of mail. Most of these persons also said they put it in "file 13" after they've read it. Some would go on to say that they had all the insurance they need, or they had no money to purchase insurance. Twenty-three persons indicated that they never read this kind of mail. Some would say "I take it right to the trash can." Many of these persons would say "Why bother to read this kind of mail when you don't have the money to purchase insurance" (Table 14).

Table 13

*No. of Respondents Who Receive Mail Advertisements*

	Frequency	Percent
Receive advertisements	90	90.0
Don't receive advertisements	8	8.1
Don't know	1	1.0
(Total)	(99)	(100.0)

Table 14

*Frequency With Which Respondents Read Mail Advertisements*

	Frequency	Percent
Always	21	23.3
Sometimes	46	51.1
Never	23	25.6
Missing	9	----
(Total)	(99)	(100.0)

Other questions pertaining to mail advertisements were as follows. "Have you ever bought insurance or made an investment solely through information that has come in the mail?" If respondents answered yes, they were asked: "What did you buy?" If respondents answered no, they were asked: "Have you ever considered buying insurance or making an investment solely through information that has come in the mail?" If respondents answered yes, they were asked: "Why did you decide not to buy?" The responses to these questions are highlighted in tables 15, 16 and 17.

Thirteen respondents had made such purchases through the mail (Table 15). Seven of these persons said they had bought through the American Association for Retired Persons (AARP). They did not specify what they had bought; however, these

purchases may have been some type of Medicare Supplement insurance. Four persons specifically stated that they had bought a Medicare Supplement insurance policy. One person had bought life insurance, and another person had bought automobile insurance through the mail (Table 16).

Table 15

*No. of Respondents Who Have Made Purchases Through Mail*

	Frequency	Percent
Purchased through mail	13	13.1
Haven't purchased through mail	86	86.9
(Total)	(99)	(100.0)

Table 16

*Purchases Made Through Mail*

	Frequency
AARP	7
Medicare supplement	4
Life insurance	1
Automobile insurance	1
(Total)	(13)

Among those 86 who had not made a purchase through the mail, eight had considered purchasing insurance. One of the respondents who had considered buying insurance gave the following reason for not buying it. "<I> considered it once or twice <through> AARP, but <it> turned out to be too much. <I> would have had to wait six months before benefits began." Another respondent who had considered purchasing insurance made the following comment. "<I have> not <considered> investments, but <I> have considered insurance. <I> wanted to shop around, but <I'm> not

really sure why I decided not to buy." Another respondent who had considered purchasing insurance expressed the following concern. "Now, the AARP, I read that over. And down in the fine print on that if you took their insurance, if you had a standing illness, they wouldn't pay. So, I never joined the thing. I thought the heck with that. Anybody with that fine print stuff, I wouldn't fool around with that cause I'd had multiple sclerosis for I don't know how long, and they would just discount you right out of that. So, I really don't have any insurance, not any life insurance or insurance like that." Seventy-eight of those who had not made a purchase through the mail had not ever considered it (Table 17).

Table 17

*No. of Respondents Who Have Considered Purchasing Through Mail*

	Frequency	Percent
Considered purchasing through mail	8	9.3
Haven't considered purchasing through mail	78	90.7
Missing	13	----
(Total)	(99)	(100.0)

**PURCHASES VIA UNASKED FOR CONTACT BY INSURANCE SALESPERSONS**

Older consumers may also be more vulnerable to sales pressure from personal contact by salespersons. To determine how this group of low income elderly persons feel about unasked for phone calls and/or visits from insurance agents, they were asked the following question. "Since you turned 65 have you been contacted by any insurance agents whom you didn't contact first? That is, have you received unasked for phone calls or visits from insurance agents?" If respondents answered yes, they

were asked: "Can you describe any of these contacts? That is, what kind of insurance did the agent want to sell you, what did he or she say and did you buy or not? (If yes, why?)" As shown in table 18, 64 respondents stated that they had been contacted by insurance agents either over the phone, at home or both.

Table 18

*No. of Respondents Who Have Had Phone Calls or Visits From Agents*

	Frequency	Percent
Had phone calls and/or visits	64	64.6
Have not had phone calls and/or visits	34	34.3
Don't know	1	1.0
(Total)	(99)	(100.0)

Among those respondents who had received phone calls and/or visits from insurance agents, only eight said they had purchased coverage this way. The kind of insurance bought by these persons included medicare supplement insurance, nursing home insurance, and cancer insurance. It is important to note that five of these eight persons indicated that they dropped the coverage soon after they bought it because it did not provide the coverages they thought it would. The 56 respondents who said they did not purchase the coverage offered by the insurance agents indicated that the agents were trying to sell either life or health insurance or both. The reasons given most often by these respondents for not purchasing the coverage were they could not afford it, they did not need it, they did not believe the information given to them by the agent, they were afraid to purchase it, and they did not qualify for it because of age or illness (Table 19).

Table 19

*No. of Respondents Who Bought Coverage From Agents*

	Frequency
Bought insurance	8
Did not buy insurance	56
(Total)	(64)

**PERCEIVED VALUE OF SHOPPING AROUND FOR FINANCIAL PRODUCTS**

Even though a large portion of the sample indicated that they do not engage in information search, many felt that it is worthwhile to look for information before making a savings, life insurance, and health insurance decision. Fifty-two persons felt that it is worthwhile to look for information before choosing a savings account or savings institution; 62 persons felt that it is worthwhile to collect information before deciding on a life insurance policy or company and 76 felt that it is worth a person's time and effort to look for information before making a health insurance purchase decision (Table 20). Those who didn't think a search for information was worth the effort either said they thought all accounts were about the same, didn't know if search was worth the effort, or gave some other response.

Table 20

*No. of Persons Who Feel Collecting Information is Worthwhile*

	Frequency	Percent
Savings Accounts: About same	26	26.3
Worth effort	57	57.6
Other	6	6.1
Don't know	10	10.1
(Total)	(99)	(100.0)
Life Insurance: About same	20	20.2
Worth effort	62	62.6
Other	10	10.1
Don't know	7	7.1
(Total)	(99)	(100.0)
Health Insurance: About same	13	13.3
Worth effort	76	77.6
Other	4	4.1
Don't know	5	5.1
Missing	1	---
(Total)	(99)	(100.0)

**DISCUSSION**

Respondents in this study were not provided with definitions of terms like information, financial management publications, or financial management programs. Thus, their concept of what constitutes information or information sources emerged from their responses to the questions.

Only about one-half of the respondents indicated that they look for information when they don't know enough to make a good financial decision. When asked where they go for information, nearly one-half of these cited personal sources (primarily adult offspring) rather than nonpersonal sources. Some did name individuals with professional training which might be related to financial matters. None named what consumer educators would consider to be nonbiased sources of factual information such as money management literature distributed by sources other than the sellers of financial

products. Some named sources which are clearly not sources of financial information (e.g. the Bible) or are unlikely to be sources. Among those people who indicated that they read financial management literature or watch or listen to financial management programs, the sources of information cited were sometimes clearly not what a consumer educator would define as sources of financial information.

People who primarily sought information from adult offspring or other personal sources were engaging in what is probably a very common form of search behavior among consumers. Whether the information they receive is accurate or the advice good cannot be determined from the data. However, a number of respondents who named their children as sources of information, sought to defend the choice by indicating their child's occupation.

The inappropriate information sources named by some respondents may indicate that some of the people who said that they search for information in making a financial decision or indicated that they read money management literature or listen to programs may have been giving what they thought was the acceptable response to the interviewer when they do not actually do these things. Thus, when asked to give specific details regarding their behavior they had to make up an answer. Some of these persons are categorized as "nonsearchers" in the analysis reported in Chapter V because it was clear, given all the evidence, that they did not search for financial management information.

Respondents who indicated that they do not search for information (or read about or otherwise obtain financial management information) may not differ from many of those who said they do, but rather may simply have had a different notion of what constitutes a source of information in mind—perhaps one more like consumer educators. For example, many of these people may also have turned to adult offspring for

financial information or assistance but not considered that an appropriate answer to the question. Others may simply believe that their life experience has provided them with sufficient knowledge to make the kinds of financial decisions they have to make. Lack of trust in perceived sources of information also seems to have been a reason some respondents, especially blacks, would not search for information or read or listen to financial management information.

Some respondents simply had trouble relating to the questions about searching for or acquiring information since they make so few financial decisions that the question of seeking information or acquiring financial information seemed irrelevant. One individual, who had recently had a stroke, was struggling with diminished mental competence throughout the interview. Most of his responses were appropriate but occasionally his mind would wander and it was this person who indicated that he obtained financial management information by watching Harry Truman on television. There was no obvious evidence of diminished competence on the part of other respondents but it could have been a factor underlying some of the less logical responses.

In addition, some people who said they do not search for information when they *don't know enough* to make a good financial decision seem to have misunderstood the question because their explanation as to why they don't search was that they "had enough information." These individuals may either have focused on the response choices given by the interviewer (don't make a decision, make a decision with information at hand, search for information) and have lost sight of the original question, or simply may not have been able to relate to the situation suggested.

Most important, however, is the finding that, for one reason or another, very few of these individuals think of sources of information like money management oriented magazines, or even seller-produced materials, in talking about possible sources of

financial information. Thus, it seems likely that most are not aware that such materials even exist.

Other findings indicate that money saving activities among the people in this sample were confined to activities which require relatively little effort. The majority use coupons and shop around for goods and services, but only about half have any kind of budget. Relatively few shop around for financial products despite the fact that relatively large numbers thought it would be worthwhile to shop around for savings accounts, life insurance and, especially, health insurance. Thirteen percent had purchased insurance through mail advertisements and, of the 64 people who had received unasked for contact by insurance agents, about 13 percent had purchased policies. Purchases made this way generally involve lack of comparison shopping and may result in the consumer paying more than necessary and/or getting a relatively poor quality product. Thus, the low income elderly in this sample appeared to have some vulnerability to this type of sales strategy.

**CHAPTER V**  
**TYPES OF LOW INCOME ELDERLY MONEY MANAGERS**

To further analyze the data used in this study, the sample population was divided into five groups which emerged from examination of open-ended responses. These groups are called called the "uneducated", the "religious", the "what's the use", the "uninterested", and the "information seekers". The first four groups of low income elderly consumers tend to not look for financial management information whereas the last group does tend to engage in this behavior. The "uneducated" are persons who feel that their lack of education prevents them from actively looking for information. The "religious" are persons who do not look for information because they obtain the information needed through spiritual guidance. The "what's the use" group is comprised of persons who do not look for information because they feel they do not have enough money to manage, or they have some type of physical limitation which prevents them from obtaining financial management information. The "uninterested" are persons who do not look for information because they feel they can manage their money without help, and/or they express lack of interest in or scorn for financial management information. Each group's overall demographic characteristics and attitudes and behaviors with regard to money management will be examined, and case studies which describe the distinct characteristics, attitudes, and behaviors of respondents in each group will be presented.

### THE UNEDUCATED

Lack of education seems to be the primary barrier preventing this group from obtaining information. Despite the fact that one-half of the sample population had completed less than 12 years of education, only five respondents (3 black and 2 white) specifically noted that their lack of education prevents them from seeking financial management information. Not surprisingly, none of the five respondents in this group have completed high school. One person has zero years of education, and two persons have less than five years of formal education (3 and 4 years). Eight and 10 years of education are completed by the other two respondents. Based on this group's low educational attainment, it not surprising that their incomes fall at the lower end of the income scale. Three of the respondents have incomes between \$5,000 and \$9,999. Income information is not available for the other two respondents because they either did not know or would not tell. However, other information indicated that their incomes are probably low. The majority of these persons are urban (4), married (4), age 75 and older (4) and male (3). Only two persons have income from a pension, and only two persons have other sources of income. Even though persons in this group have very low incomes, two persons perceive their income to be more than adequate to meet their needs.

When respondents were asked what they do if they feel unsure about making about a financial decision, one respondent said she does not make a decision, and two respondents said they make a decision with information at hand. These three respondents are black. Thus, they may be apprehensive about looking for information not only because of their lack of education, but because discrimination (perceived or actual) has made them distrustful of information sources. The fact that many blacks were hesitant about being interviewed by a white interviewer, and in some cases by

a black interviewer, may indicate that some distrust existed. Two other respondents, who said they look for information, said they get information from informal information sources such as relatives or friends. Because these two persons do indicate later that they do not read money management literature because of lack of education, they may feel that information obtained from relatives or friends is more understandable.

Three of the respondents categorized as "uneducated" said they dislike thinking, reading, and/or talking about financial matters, and making financial decisions. This dislike may have developed as a result of their inability to understand financial management information. None of the respondents in this group said they read articles or books about money management; two persons said they listen to TV or radio about money management. However, one of these persons said they listen to the news which is generally not a money management program, and the other person gave no specific program title. It seems likely that these persons do not listen to money management programs either, even though they said they do. Given their low levels of education and their own perceptions of their abilities, they may not have known exactly what kind of programs deal with money management.

The majority of the persons (4) indicated that they do not budget, and none of them said they shop around for financial products. On the other hand, three persons said they shop around for goods and services, and two persons said they do other things to try and get the most for their money. Even though this group as a whole does not engage in active information search because of their low level of education, the majority of these persons feel that it is worth a person's time and effort to collect information or consult with others before choosing a savings account or savings institution, a life insurance policy or company, and a health insurance policy

or company. With regard to all three products, only one person does not feel it was worthwhile. This finding suggests that persons in this group may recognize a need for financial management information even though their lack of education prevents them from seeking this information. Below are case studies which represent types of individuals included in this group.

### **James**

James is an 81 year old black male who lives in an urban area. He is single and has had no formal education. He does not know his annual income. He receives Social Security and income from a pension; however, he has no other sources of income. He feels that his income enables him to nearly always afford the things he needs or wants.

When James feels unsure about making a financial decision, he makes the decision with information at hand instead of looking for information. He said "I don't need none <information>." He also dislikes thinking, reading, and/or talking about financial matters, and making financial decisions because of his lack of education. He replied "I didn't get any schooling. That's my biggest trouble." He does not read articles or books to learn more about managing money or listen to TV or radio programs about money management. With regard to money management programs on TV or radio, he said "I don't understand them." He does very few things to try and get the most for his money. For example, he does not budget, shop around for goods and services, shop around for financial products or do anything else to stretch his income. He does believe that it is worth a person's time and effort to collect information or consult with others before choosing a savings account or savings institution, a life insurance policy or company, and a health insurance policy or company.

**Leonard**

Leonard is an 86 year old black male who lives in an urban area. He is married and has completed only 3 years of education. He knows his annual income, but he refused to give this information. He receives Social Security and income from a pension. He also has interest income. Unlike James, Leonard feels that his income only enables him to meet his needs but no more.

Like James, Leonard makes a decision with information at hand when he feels unsure about making a financial decision. Unlike James, he likes talking about about financial matters. He said "I like talking about them <financial matters>." Like James, he does not read money management literature because of lack of education. He said "I can't do much reading. I didn't get the education you'll got when I was coming along." However, he sometimes listens to TV or radio programs about money management. He also does very few things to try and get the most for his money. Like James, he does not budget, shop around for goods and services or shop around for financial products. Like James, Leonard feels that it is worth a person's time and effort to collect information or consult with others before choosing a life insurance policy or company and a health insurance policy or company. However, he does not feel that it is worthwhile to look for information before choosing a savings account or savings institution. He said "I don't think it would be worth that much to shop around. I don't do that much shopping around myself."

**Andrea**

Andrea is a 70 year old white female who lives in a rural area. She is married and has completed only 4 years of formal education. Her income is between \$5,000 and \$9,999. She receives Social Security; however, she does not receive income from a pension or any other source. Unlike both James and Leonard, she feels that her income is not enough to enable her to meet her needs.

Unlike both James and Leonard, Andrea does seek information when she feels unsure about making a financial decision. She said "I have a daughter who lives in Chillicothe and when I get to where I don't know what to do myself or what I should do, I'll contact her. She'll come out. In fact, she mostly takes care of my checking account cause I get it messed up all the time. She does that. She advises me on what I should do." She did not specify whether she likes or dislikes thinking, reading, and/or talking about financial matters, and making financial decisions. She just replied "Well, the only way I talk about financial matters is trying to live within my income." Like both James and Leonard, she does not read articles or books to learn more about managing money. She said "Well, half the time you read things like that especially where... like us, we don't have no education. And, a lot of it's above our heads. You know what I mean. A lot of it we don't understand after we read <it>." Unlike James but like Leonard, she listens to money management programs on TV or radio. Like James and Leonard, she does not budget or shop around for financial products. She made the following comment about financial products. "I'm insurance poor now. I pay \$100 a month for insurance. That's just on me and him <husband>." However, unlike both James and Leonard, she shops around for goods and services and does other things to try and get the most for her money. With regard to other things she does, she replied "Well, I shop around for bargains and <use> those coupons that you get so much and then you get one free. I do just about everything I can. Neither one of us don't smoke or drink no whiskey or beer. We probably wouldn't worry so much about it if we did." Like James but unlike Leonard, she feels that it is worth a person's time and effort to collect information or consult with others before choosing a savings account or savings institution. However, unlike both James and Leonard, she does not feel that it is worthwhile to look

for information before choosing a life insurance policy or company and a health insurance policy or company. She feels that all life insurance policies and health insurance policies are about the same. With regard to life insurance, she said "Well, I think a lot of them are the same. They're all out for the same thing, to get what they can off poor people."

### THE RELIGIOUS

Religion seems to be the guiding force for this group. Even though the sample is heavily weighted toward white respondents, four of the six persons in this group are black. These persons are equally likely to be female (2), male (2) and married couples who answered questions together (2). The majority of this group are urban (5), and half are married. All of the respondents in this group are age 75 and older, and none of them has completed high school. Thus, this group's lack of information search may not be attributable to spiritual guidance alone, but to their low educational attainment as well. Annual incomes for this group are at the lower end of the income scale. One person's income is under \$5,000, and three persons have incomes between \$5,000 and \$9,999. However, one person's income is between \$10,000 and \$14,999. Income information is not available for one person who either did not know or wouldn't tell. However, other information indicated that the income of this person is probably low. The majority of this group (4) receive income from a pension, but only two have other sources of income. Even though incomes of this group tend to be low, half of these persons perceive their incomes to be more than adequate to meet their needs. This perception of income adequacy may reflect the fact that these people believe the Lord will take care of them.

Of the three persons who look for information when unsure about making a financial decision, two obtain the information needed from a minister or the Lord. Two persons make a decision with information at hand, and one person does not make a decision. There are no noteworthy patterns to responses regarding whether or not this group likes thinking, reading, and/or talking about financial matters, and making financial decisions; however, these persons do make some interesting comments. The majority of these persons said they do not read money management literature (5) or listen to money management programs on TV or radio (4). Again, this lack of information search appeared to reflect their belief that a power higher than themselves will take care of them. Half of these persons budget and do other things to try and get the most for their money. The largest number (4) said they shop around for goods and services, but none of them shop around for financial products. Half of these persons believe that it is worth a person's time and effort to collect information or consult with others before choosing a savings account or savings institution and a life insurance policy or company. Four persons feel it is worthwhile to collect information or consult with others before choosing a health insurance policy or company. Descriptions of individuals included in this group follow.

#### Walter

Walter is an 85 year old black male who lives in an urban area. He is married and has completed less than a year of education. His income is between \$10,000 and \$14,999. He receives Social Security, but he says he does not receive income from a pension or any other source. However, his reported income seems a bit high for Social Security to be it's only source. He feels that his income is enough to meet his needs and a bit extra.

Walter uses information at hand to make a decision when he's unsure about making a financial decision. For example, he said "I have enough <information> for my needs." He did not say he likes or dislikes thinking, reading, and/or talking about financial matters, and making financial decisions. He just said "<I> don't see no need about talking about it, might as well talk about something else. We have church to talk about. I pray with people over the telephone. I was called to preaching in 1940. <I> think about preaching, etc. more than anything else." He does not read money management literature or listen to TV or radio programs about money management. He said "<I> just don't fool with it. <I> listen to church over the radio, preaching and talking about the Lord. Other things I don't bother with." He does very few things to try and get the most for his money. For example, he does not budget, shop around for goods and services, shop around for financial products, or do anything else to stretch his income. He does not feel that it is worthwhile to collect information or consult with others before choosing a savings account or savings institution, a life insurance policy or company, and health insurance policy or company. He feels that they are all about the same.

### **Patricia**

Patricia is a 77 year old black female who lives in an urban area. She is a widow and has completed 9 years of education. Her annual income is between \$5,000 and \$9,999. She receives Social Security, income from a pension and interest income. She feels that her income is enough to meet her needs and a bit extra.

Patricia seeks information from a minister when she doesn't feel she knows enough to make a good financial decision, and she dislikes thinking, reading, and/or talking about financial matters, and making financial decisions. She said "I don't enjoy it." Like Walter, she does not read money management literature or listen to money

management programs on TV or radio. With regard to money management literature, she replied "I guess I am satisfied with what the Lord is doing for me, so I just don't read them. I accept my income, so why read all these books I am not interested in." She does more things than Walter to try and get the most for her money. However, like Walter, she does not budget or shop around for financial products. She does shop around for goods and services. She also does other things to try and get the most for her money. For example, she said "I try to budget my spending to make my dollar go farther." Unlike Walter, she feels that it is worthwhile to collect information or consult with others before choosing a savings account or savings institution, a life insurance policy or company, and a health insurance policy or company.

#### **Jimmy and Maria**

Jimmy (77 years old) and Maria (67 years old) are a white married couple who live in an urban area. Both have completed 8 years of education, and their annual income is between \$5,000 and \$9,999. They receive Social Security, but they don't receive income from a pension or any other source. Unlike both Walter and Patricia, they feel that their income is enough to meet their needs but no extra.

Unlike Walter but like Patricia, Jimmy and Maria look for information when they feel uncertain about making a financial decision. They get information from their children. Like Patricia, they dislike making financial decisions. One of them said "<I> never did like to make decisions. <I> like to try and work it out myself. <I> pray about it." Like both Walter and Patricia, they do not read money management literature or listen to TV or radio about money management. With regard to money management literature, one of them said "It ain't gonna help me any. I ain't gonna make no money no how on it. God said he would take care of us if we depend on him." With regard to TV or radio programs, the same comment was made. In

addition, one of them said "They'd tell me anything to get a little money out of me." Like both Walter and Patricia, they do not budget or shop around for financial products. With regard to not having a budget, they said "We don't owe nobody. We don't get no credit." Like Walter but unlike Patricia, they do not shop around for goods and services. Like Patricia but unlike Walter, they do other things to try and get the most for their money such as buy sale items. They also feel that it is worthwhile to collect information or consult with others before choosing a life insurance policy or company and a health insurance policy or company. With regard to life insurance, one of them said "Really, I don't know much about how to say nothing like that, but the person should check in on it, which I didn't. I didn't do that 20 or 30 years ago. I would say a person should check and see whether it's what it says it is or not." They do not know whether or not it is worthwhile to collect information or consult with others before choosing a savings account or savings institution. One of them said "I don't know. I don't think I would. If it was someone I knew real well and could give me the right advice, I would consult them. But, I think I would mostly go on my own."

### THE "WHAT'S THE USE"

Lack of money and physical limitations seem to prevent this group from looking for information with the former being the predominant reason for not looking for financial management information. This group consists of 22 persons (5 black and 17 white) who are equally likely to live in an urban or rural area and equally likely to be age 65 to 74 and age 75 and older. The majority of these persons are not married (15) and female (13). About half have completed less than 12 years of education. Annual incomes of this group range from under \$5,000 to \$14,999 with six

persons having incomes less than \$5,000, eight having incomes between \$5,000 and \$9,999 and eight having incomes between \$10,000 and \$14,999. Ten persons have income from a pension, and 12 have other sources of income. Even though the majority of the persons in this group do not look for information because they have no money to manage, 11 still perceive their incomes to be more than adequate to meet their needs.

Two-thirds of this group make a decision with information at hand when they feel uncertain about making a good financial decision, and one-third look for information. Among those who look for information, most obtain the information needed from a relative. There are no discernible patterns in findings with regard to whether or not this group likes or dislikes thinking, reading, and/or talking about financial matters, and making financial decisions because the majority of responses fell into a category called "other"; however, some interesting responses were given. Almost all (21) of the persons in this group do not read money management literature, and 17 do not listen to money management programs on TV or radio. Those who did indicate that they do listen to TV or radio programs about money management either could not recall the names of these programs or gave examples of programs that were not really money management programs. Thus, it seems likely that these persons do not listen to actual money management programs. Eleven of these persons budget, and 10 shop around for goods and services. The majority of these persons (19) do not shop around for financial products, but they are equally likely to do or not to do other things to try and get the most for their money. Surprisingly, even though the majority of these persons do not engage in active information search, many agree that it is worthwhile to collect information or consult with others before choosing a savings account or savings institution (12), a life insurance policy or company (15), and

a health insurance policy or company (17). This finding suggests that this group may recognize a need for information search even though they do not engage in search because of their limited incomes and/or physical limitations. The following are case studies that describe types of individuals included in this group.

#### **Willie and Linda**

Linda is a 74 year old white female who lives in a rural area. She is married and has completed 12 years of education. Willie's age and education were not given. Their annual income is between \$10,000 and \$14,999. They receive Social Security and interest income; however, they do not receive income from a pension. They feel that their income is adequate to meet their needs but no extra. They said "<We> take care of our doctor bills and stuff like that, but there's not any extra."

Instead of looking for information, Willie and Linda make a decision with information at hand when they feel uncertain about making a financial decision. One of them replied "I know when I make the decision that decision should be made. So, I really don't make any decisions that's undecided. I'm sure when I make the decision that decision is the one to make. Well, <I don't look for information> simply because of the money situation. That it meets our needs, and we don't go any further with it. We just make what we got do." They did not specify whether or not they enjoy thinking, reading, and/or talking about financial matters, and making financial decisions; they just said "We make our own financial decisions between each other. We talk about it." They said they do not read money management literature or listen to TV or radio programs about money management because they don't have enough money to manage. With regard to TV or radio programs, they said "If you don't have money, you don't worry about it." They do quite a few things to try and get the most for their money. They budget and shop around for goods and services. With

regard to shopping around for goods and services, they said "Well, we shop around as far as sales things are concerned in the paper and then go there. We don't run from store to store because we're not able to." They also do other things to try and get the most for their money. For example, they said "<We> buy cheaper brands, cheaper brands and things that are on sale. And, also you can use your coupons." However, they do not shop around for financial products. They replied "We have our own insurance and things we're satisfied with, and that's what we go with." They do not know whether or not it is worthwhile to look for information or consult with others before choosing a savings account or savings institution, but they feel that it is not worthwhile to look for information before choosing a life insurance policy or company. One of them said "I think most policies are pretty much the same." On the other hand, they do feel that it is worthwhile to look for information before choosing a health insurance policy or company. One of them replied "I think if you were young, yes. You wouldn't want to jump into the first policy somebody showed you. I think you'd want, need to look around."

### **Margaret**

Margaret is a 78 year old white female who lives in a rural area. She is a widow and does not know how many years of education she has completed. Her annual income is under \$5,000. She receives Social Security; however, she does not receive income from a pension or any other source. Like Willie and Linda, she feels that her income is enough to meet her needs but no extra.

Unlike Willie and Linda, Margaret said she seeks information when she feels unsure about making a financial decision. She said "Well, I usually ask my family what they think." She dislikes thinking, reading, and/or talking about financial matters, and making financial decisions. She said "I don't like it. One reason is that I

can't see too well. I don't know. It's just hard to put it in words." Like Willie and Linda, she does not read money management literature or listen to TV or radio programs about money management. With regard to money management literature, she said "<I don't read money management literature> because <I> can't see to read it." With regard to listening to TV or radio, she said "<I> don't have <a> TV. I got a radio." She does very few things to try and get the most for her money. Unlike Willie and Linda, she does not budget or shop around for goods and services. Like Willie and Linda, she does not shop around for financial products. Like Willie and Linda, she does other things to try and get the most for her money. For example, she said "<I> just try to buy the cheapest of what I find." She does not know whether or not it is worthwhile to look for information before choosing a savings account or savings institution and a health insurance policy or company. She did not specify whether or not it is worthwhile to look for information before choosing a life insurance policy or company. She just said "I doubt if they are all the same, but it <shopping around> wouldn't help me, I don't think."

### **Edward and Gracie**

Edward (75 years old) and Gracie (69 years old) are a white married couple who live in a rural area. He has completed 9 years of education, and she has completed 11 years. Their annual income is between \$5,000 and \$9,999. They receive Social Security, income from a pension and interest income. Like Margaret, they feel that their income is enough to meet their needs and a bit extra. They clarified this statement by saying "We make ends meet, but not very much extra. It's according to how much we demand on our needs."

Like both Margaret and Willie and Linda, Edward and Gracie make a decision with information at hand when uncertain about making a financial decision. They

can't afford to look for information. They said " Well, if you went to a lawyer, you'd have to pay him. When you're on a fixed income, you just make those decisions. You know there's not gonna be any more coming in anyway." Unlike Margaret, they dislike thinking, reading, and/or talking about financial matters, and making financial decisions. One of them replied "<I> dislike it. I don't see an ultimate end other than... When you're on a fixed income, well that's just the end of it. So, there's no sense in thinking so much about it. You can't do anything about it." Like both Margaret and Linda and Willie, they said they do not read money management literature or listen to TV or radio programs about money management because they do not have enough money to manage. With regard to TV or radio programs, they said "<We don't listen to money management programs> not like stocks and bonds and anything like that, no. Well, <we have> none to manage." like Willie and Linda, they budget and shop around for goods and services. With regard to having a budget, they replied "Like I said , when you're on a fixed income, you live within your income. That's a budget." They also do other things to try and get the most for their money. For example, they do "competitive shopping." Like both Margaret and Willie and Linda, they do not shop around for financial products. Gracie said "He's got one insurance man, and we deal with him. If he's higher or lower, we still deal with him." Unlike Margaret, they feel that it is worthwhile to look for information or consult with others before choosing a savings account or savings institution. They said " No, <they are not all the same>. There's difference in accounts. There's different interest rates." Like Margaret but unlike Willie and Linda, they feel that it is worthwhile to look for information before choosing a life insurance policy or company. They said " No, <they are not all the same>. It would be worth listening to all different versions." Like both Margaret and Willie and Linda, they feel that it is

worthwhile to look for information before choosing a health insurance policy or company. One of them said "No, <they are not all the same>. I think it would behoove you to search because I know each one has different benefits. There is some better benefits than what we've got, I'm sure, but we just don't search it out."

### THE UNINTERESTED

Ability to manage finances and lack of interest in and/or scorn for financial management information are the reasons persons in this group do not engage in information search. The "uninterested" group consists of 27 (20 white and 7 black) persons, the majority of whom live in an urban area (16). These persons are almost equally likely to be age 65 to 74 or 75 and older and almost equally likely to be married or nonmarried. These persons are also almost equally likely to be female (12) or male (10). Five married couples answered questions together. A little more than two-thirds of this group have not completed high school. The largest number of persons (11) have annual incomes between \$5,000 and \$9,999. Seven persons have incomes less than \$5,000; eight have incomes between \$10,000 and \$14,999 and only one person has an income between \$15,000 and \$21,000. Slightly more than one-half have income from a pension, and slightly less than one-half have other sources of income. Fourteen of these persons perceive their incomes to be more than adequate to meet their needs.

The majority of this group (16) said they make a decision with information at hand when they feel inadequately informed to make a financial decision, and four persons said they don't make a decision in this situation. Seven persons indicated that they look for information; however, most of these obtain information from relatives or friends. Six persons said they like, and three persons said they dislike thinking,

reading, and/or talking about financial matters, and making financial decisions. Many persons in this group found this question difficult to answer because they were just not interested. The majority of these persons said they do not read money management literature or listen to TV or radio programs about money management (25 and 21, respectively). Persons in this group are equally likely to budget or not budget and almost equally likely to do or not do other things to try and stretch their incomes. The majority of these persons (20) said they shop around for goods and services; however, very few (8) said they shop around for financial products. Only ten of these persons feel that it is worthwhile to collect information or consult with others before choosing a savings account or savings institution; however, the majority feel that it is worthwhile to collect information or consult with others before choosing a life insurance policy or company (15) and health insurance policy or company (18). Case studies of types of individuals who fall into this group follow.

### **David**

David is an 85 year old white male who lives in an urban area. He is a widower and has completed 12 years of education. His annual income is between \$5,000 and \$9,999. He receives Social Security, income from a pension and interest income. He feels that his income is enough to meet his needs and a bit extra.

Instead of looking for information, David does not make a decision when he feels unsure about making a financial decision. He said "I'm not trying to increase any material wealth. I'm not interested in it <information>. Because to me, it ain't gonna be nothing anyhow. My children's better off than I am, so what the heck. I ain't worrying about leaving anything." If confronted with a decision, he then said "I would leave it where it was, take the interest off it and spend a little bit of it." However, he likes thinking, reading, and/or talking about financial matters, and making financial decisions. He said

I don't think I could qualify to say that I made any great financial decisions because I don't; I just go along. I enjoyed it, I suppose <when I made decisions>. When I first retired, I had some hobbies that financially helped me. I bought and sold stuff related to <my> hobby (history of Franklin County, Columbus and Ohio, books, etc., trinkets, watches) and ran a coin shop after I retired. I enjoyed doing that, but now I don't have no avenue of disposing of anything. So, I don't want to accumulate anything. First of all, <I> was only interested in <collecting> things that would fit in the bank vault. If it was too big to fit in the bank vault, I don't want it. Somebody's gonna steal it anyhow, so I leave it alone. I got away from that. I don't have anything of any value now because I sold it, but I did enjoy it.

He does not read money management literature or listen to TV or radio programs about money management. With regard to both money management literature and money management programs, he said "What little bit I have I can manage." He does budget, but he does not shop around for goods and services, shop around for financial products, or do anything else to try and get the most for his money. With regard to having a budget, he said "<I have a> mental budget. I try to keep my spending just about equal to my income. I'm not interested in accumulating a thing, not a thing, not now." He does not feel that it is worth a person's time and effort to collect information or consult with others before choosing a savings account or savings institution, a life insurance policy or company, and a health insurance policy or company. He feels that they are all about the same.

### **Patrick**

Patrick is a 69 year old black male who lives in an urban area. He is married and has completed 5 years of education. His annual income is between \$5,000 and \$9,999. He receives Social Security, but he does not receive income from a pension or any other source. Unlike David, he feels that his income is enough to meet his needs but no extra.

Unlike David, he makes a decision with information at hand when he feels unsure about making a financial decision. He said "<I> make the decision right there." He does not look for information because "<it's> not that important." He did not say whether or not he enjoys thinking, reading, and/or talking about financial matters, and making financial decisions. He just said "I don't <make financial decisions>. My wife takes care of that." Like David, he does not read money management literature or listen to TV or radio programs about money management. With regard to money management literature, he said "<I> wasn't interested, just wanted to make ends meet. I never was interested in that, all I wanted to do was make ends meet." With regard to money management programs, he said "<It> doesn't matter to me. <It> don't help me none. I don't get none of that money. I look at these game shows. <It> goes in one ear and out the other." Like David, he does budget, but unlike David he also shops around for goods and services and financial products. He also does other things to try and get the most for his money. For example, he said "<I> ride the bus for 25 cents <and> take <my> Buckeye card and get cheese and butter and stuff like that when they give <it> out. <I> have to." Like David, he does not feel that it is worth a person's time and effort to collect information or consult with others before choosing a savings account or savings institution, a life insurance policy or company, and a health insurance policy or company. He feels that they are all about the same. With regard to savings accounts, he said "They're all about the same within a dollar, no difference in them, dog eat dog."

### **Kenneth and Brenda**

Kenneth (77 years old) and Brenda (74 years old) are a white married couple who live in a rural area. He has completed 10 years of education, and she has completed 9 years of education. Their annual income is between \$10,000 and \$14,999. They receive Social Security, income from a pension and interest income. Like David, they feel their income is enough to meet their needs and a bit extra.

Like Patrick, Kenneth and Brenda make a decision with information at hand when uncertain about making a financial decision. They said "<There is> no reason <why they do not look for information>, not exactly. We just don't do them kind of things too often." They did not state whether or not they enjoy thinking, reading and/or talking about financial matters and making financial decisions. One of them said "We're not too interested in that sort of stuff, <just> everyday occurrences, I'd say. When you get our age, you're not caring whether you get anymore or not as long as you got enough to go on. So, we're not interested in getting a whole lot of money, not at this point." Like both David and Patrick, they do not read money management literature or listen to TV or radio programs about money management. With regard to both money management literature and money management programs, they said "We're too far along in life. We can manage what we got. We try to anyhow." Like both David and Patrick, they do budget. They added "Well, we stick pretty close to what's coming in. Yeah, we don't go overboard with anything. We don't even have a credit card of any kind anymore." Like Patrick, they shop around for goods and services and financial products. Unlike Patrick but like David, they do not do anything else to try and get the most for their money. Like both David and Patrick, they do not feel that it is worth a person's time and effort to collect information or consult with others before choosing a savings account or savings

institution and a life insurance policy or company. They feel that they are all about the same. With regard to savings accounts, one of them said "Well, I'd say that there's not a whole lot of difference in them, myself, not unless you're going into the Building and Loan. Now, that's a different situation." With regard to life insurance, one of them said "Well, I don't suppose there would be a whole lot of difference in it." Unlike both David and Patrick, they feel it is worth a person's time and effort to collect information or consult with others before choosing a health insurance policy or company.

#### THE INFORMATION SEEKERS

Information search is a more common behavior among persons in this group than was the case for the previous four groups. This group is comprised of 21 (4 black and 17 white) persons. The majority of these persons are urban dwellers (12), ages 65 to 74 (13), nonmarried (13), female (15) and have completed 12 or more years of education (18). Based on this group's educational attainment, it is not surprising that their annual incomes fall at the upper end of the income scale compared to the groups described previously. None of these persons have incomes below \$5,000, and only seven have incomes between \$5,000 and \$9,999. Nine persons have incomes between \$10,000 and \$14,999, and five have incomes between \$15,000 and \$21,000. Thus, this group's information search behavior may be due to their higher educational attainment and higher incomes compared to the other groups discussed. A large number of these persons receive income from a pension (16) and other sources (15). The majority (16) feel that their income is more than adequate to meet their needs.

Almost all of these persons (20) said they look for information when they feel inadequately informed to make a financial decision. Only one person makes a decision

with information at hand, and he said he does some studying before making the decision. There are no notable findings regarding whether or not respondents like or dislike thinking, reading, and/or talking about financial matters, and making financial decisions. The majority of these persons said they read money management literature and listen to money management programs on TV or radio (20 and 16, respectively). Persons in this group are almost equally likely to budget or not budget and to do or not to do other things to try to get the most for their money. A large number shop around for goods and services (16) and financial products (9). Not surprisingly, the majority feel that it is worth a person's time and effort to collect information or consult with others before choosing a savings account or savings institution (17), a life insurance policy or company (15), and a health insurance policy or company (18). Below are case studies which represent types of individuals included in this group.

### **Bonnie**

Bonnie is a 82 year old white female who lives in an urban area. She is a widow and has completed 12 years of education. Her income is between \$10,000 and \$14,999. She receives Social Security, interest, and dividend income; however, she does not receive income from a pension. She feels that her income enables her to nearly always afford the things she needs or wants.

Bonnie looks for information from a bank when she feels that she doesn't know enough to make a good financial decision. She said "<I go> to the bank or I have a little bit of dealings with Merrill Lynch." She is sort of neutral about thinking, reading and/or talking about financial matters and making financial decisions. She replied "Well, I don't enjoy it, and it isn't an agony. I just do it. You just do it the best you know how." She does read money management literature and listen to money management programs on TV or radio. With regard to money management

literature, she said "I'm legally blind and I can't read, but I get the *Newsweek* and it's on a disk. And, I read it every week. And, there's quite a little bit... *Newsweek* is, I think, the best magazine." With regard to money management programs, she said "Yeah, <I listen to> all of it, "Wall Street Week." That's the main one. <I also listen to the> "MacNeil Lehrer Report." You listen to <channel> 34, and it's just a different thing on there. I really think it's the best station." She does not budget or do anything else to try and get the most for her money. With regard to budgeting, she commented "I usually spend what I need to and save the rest. <I> put it in a money market until something comes up that's bigger. But, I've always been frugal all my life. I lived on a farm, and you better be frugal." After indicating that she does nothing else to get the most for her money, she said "I try to be sensible about it. I try to have what I need. If anybody ever thought that prices would be what they are, and doctor bills, that's the part that worries an old person, just how much money it's gonna take to take care of you. And, there's no way of knowing it." She does shop around for goods and services and financial products. With regard to shopping for goods and services, she said "<I shop> some, but I don't drive anymore so that limits it." After stating that she shops around for financial products, she said "I try to get the most interest you can get." She does not feel that it is worthwhile to collect information or consult with others before choosing a savings account or savings institution and health insurance policy or company; she feels they are all about the same. With regard to savings accounts, she replied "At most legitimate banks of good standing they're about the same. It probably wouldn't hurt to talk, but you've got to make up your own mind." With regard to health insurance, she said " <I think they are all about the same> if you go with a legitimate policy." She does feel that it is worthwhile to collect information or consult with others

before choosing a life insurance policy or company. She said "I really don't know, but I suppose the more you found out the better it'd be. I've never had any experience. My husband didn't have any life insurance either."

### **Douglas and Edith**

Douglas (84 years old) and Edith (77 years old) are a black married couple who live in an urban area. He has completed 13 years of education, and she has completed 10 years of education. Their annual income is between \$5,000 and \$9,999. They receive Social Security and income from a pension; however, they have no other sources of income. Unlike Bonnie, they feel that their income is enough to meet their needs but no extra.

Like Bonnie, they look for information when they feel they do not know enough to make a good financial decision. One of them said "I'd go to the source of whatever it would be that I'd be asking for. <For example>, if I wanted to know anything about finances, I'd go to the bank. If I wanted to know anything about insurance, I'd go to the insurance headquarters." Unlike Bonnie, they like thinking, reading, and/or talking about financial matters, and making financial decisions. One of them said "I like to talk about it. <For example>, how you can arrange so your money goes farther." Unlike Bonnie, they do not read money management literature, but they read it in the past. One of them said "I don't have any <money management literature>. I used to read Consumer's Report. *Consumer Reports*. <I> don't read <it> since we moved to this place. <I> used to subscribe to it when <I> lived in <a> house." Like Bonnie, they do listen to TV or radio programs about money management. One of them said "<I> used to look at "Wall Street Week." If I get a program and they have a guest, they have a lady every once in a while that tells about money matters, I listen to that. Oh yeah, OSU radio station, I listen to that.

They have everything on that. I really like that. They really have some educational programs. Sometimes they talk about money management. Oh yes, they have everything—doctors, lawyers, everything—it's wonderful. It's really good. It comes on at 12:30." Unlike Bonnie, they do budget. They also do other things to try and get the most for their money. For example, they "buy things on sale <and go to> second hand shops, Bargain Box." Like Bonnie, they shop around for goods and services; however, they do not shop around for financial products. Unlike Bonnie, they feel that it is worthwhile to collect information or consult with others before choosing a savings account or savings institution and a health insurance policy or company. Like Bonnie, they also feel that it is worthwhile to collect information or consult with others before choosing a life insurance policy or company.

#### Carl

Carl is a 69 year old white male who lives in a rural area. He is divorced and has completed 12 years of education. His income is between \$5,000 and \$9,999. He receives Social Security and income from a pension; however, he has no other sources of income. Like Bonnie, he feels that his income enables him to nearly always afford the things he needs or wants.

Unlike both Bonnie and Douglas and Edith, he makes a decision with information at hand when he feels he does not know enough to make a good decision. He said "Well, that <question> is hardly appropriate. That would indicate that I have something bigger than what I have to cope with. I make my own decisions with the information I got on anything I have to cope with. Oh, I may do some studying on something. If I want to buy a new lawn mower, I want to study what that lawn mower is about. Well, it would depend, sure. I don't have any stocks that I would go out and see a broker on, them kind of people." Like Douglas and Edith, he likes

thinking, reading, and/or talking about financial matters, and making financial decisions. He said "Well, I like to. I read a lot of stuff on it and try to keep up with whatever's going on. Well, just to keep abreast of what's going on in case I hit the lottery and win a million dollars." Like Bonnie, he reads money management literature, and like both Bonnie and Douglas and Edith, he listens to TV or radio programs about money management. With regard to money management literature, He said "Well, I read <magazines>. There's a magazine out, the *Washington Post* magazine that my kid sends me. He gets all kinds of stuff. He is the director of education for Findley College at Lima prison, so he gets me all kinds of stuff like that to read. He's studying for his Ph.D. up at TU, Toledo University." With regard to money management programs, he said "<I listen to money management programs> whenever that dude comes on Channel 4, the news. I listen to him. I do some. It's a special segment with the noon news, Angela Pace's news, the consumer reporter. He comes up with some pretty good stuff. We're gonna get Angela Pace on Mona Scott's job pretty soon." Like Douglas and Edith, he does budget. He said "I think I have a mental budget. In other words, you got to try and keep the money from running out before the month's up." Unlike both Bonnie and Douglas and Edith, he does not shop around for goods and services. He said "<I don't shop around for goods and services>, not a whole lot. When I find out I want something, I generally just go get it." Like Douglas and Edith, he does not shop around for financial products. He said "<I don't shop around for financial products> not now, not anymore. I would've maybe 40 years ago." Like Bonnie, he does not do anything else to try and get the most for his money. Like Douglas and Edith, he feels that it is worthwhile to collect information or consult with others before choosing a savings account or savings institution and a health insurance policy or company. With regard to savings accounts, he

said "No, <they are not all the same>. There's quite a bit of difference, I think. It depends upon what level of income you are. I got a son up in Michigan. He's a vice president of Co-America and public relations director, and he's been in big money for several years. So, he's got his own, what do you call them? He's got a broker, somebody that manages, invests his money, accountant and all that." But, I never got into that kind of..., but if I was making that kind of money I would." With regard to health insurance, he said

Well, I think that it's always worth your time to check, to consult with anybody that's had experience with other companies. How would you know? How would you know how I think if we hadn't had a consultation? Now, whether you agree with what I think or not is another point. And if you were in a position to buy and you gave any credibility to what I'm saying, you would still have the prerogative of getting somebody else's opinion. And then in the final analysis, you would make your own decision. And when it comes to insurance, as I understand it, the bottom line is determining the ratio between the premium and the benefits. And formulate from that an idea whether it's worth it and what it says in the policy. Because if they're licensed by the state superintendent, they have to do what the policy says, or they'll lose their license to do business in the state. But, so many people don't know what the policy says. They think it says one thing, and it actually says another. So, you got to know what's in it.

Like both Bonnie and Douglas and Edith, he feels that it is worthwhile to collect information or consult with others before choosing a life insurance policy or company. He said "Well, all life insurance policies aren't the same. There's no question about that. That's why you can buy whole life for one price. You can buy term for another price. You can buy endowment to 60 or 65 or 85 for a different price. It comes back again to studying what you're reading or dealing with, somebody you can trust because you get what you pay for and you pay for what you get."

## DISCUSSION

While, in general, there are more similarities than differences among all five groups, this analysis yields two insights which will be further discussed in the next chapter. The first is that, even in this relatively homogeneous sample, persons who exhibit enough evidence to be classified as "searchers" tend to have more education and to have higher incomes than persons classified as "nonsearchers." Second, the subcategories of nonsearchers provide insights into why people don't search for information. For the largest number lack of interest in money management or a perception that there would be no benefit to money management activities seems to explain lack of interest in information.

For smaller numbers of respondents, inability to understand information and a reliance on religious beliefs (which may reflect lack of trust in other persons) are reasons for not searching for information. It seems likely that inability to understand financial management information was also a factor underlying the lack of interest some respondents expressed. Further, a number of respondents expressed a strong sense of privacy with regard to their financial affairs. They would be unwilling to engage in certain kinds of information search if search would require them to reveal their financial situation. Thus, attitudes and behaviors with regard to financial management information seem to reflect respondents' perceptions of the costs and benefits of using it. Hypotheses consistent with this perspective will be proposed in Chapter VI.

**CHAPTER VI**  
**SUMMARY AND CONCLUSIONS**

**SUMMARY OF PROCEDURES**

The purpose of this study was to explore the financial management attitudes and behaviors of low income elderly persons aged 65 and older, focusing particularly on this group's information search behavior. It was hoped that this research would help identify groups of low income elderly persons who may need assistance in the area of financial management and suggest hypotheses for further research in this area.

Data used in this study were collected from a convenience sample of 99 low income elderly persons (59 urban and 40 rural) who attended senior citizens' centers. A questionnaire which contained both closed-ended and open-ended questions was used to obtain information regarding demographic characteristics, general money management attitudes and behaviors, and attitudes and behaviors with regard to savings accounts, life insurance, and health insurance. The questionnaire was administered via personal interview, and the interviews were transcribed. Data used in this study were drawn primarily from the general money management section of the questionnaire, and a question regarding the usefulness of information search was drawn from each of the sections focusing on specific financial products.

The data were analyzed three ways. First, the entire sample population was examined and described to obtain an overall understanding of this group's financial management attitudes and behaviors. Second, both closed-ended and open-ended

responses were analyzed to determine whether education, perceived income adequacy, area of residence (urban/rural), or age were related to respondents' attitudes and behaviors with regard to money management. No noteworthy differences were observed. Third, the sample population was divided into groups based on the similarities in the responses given to open-ended questions. Five groups, based on 81 of the 99 respondents, emerged from this analysis. Four of these groups exhibited little information search behavior because they lacked education (the "uneducated"), they relied on religion to take care of them (the "religious"), they felt they didn't have enough money to manage or lacked the physical capacity to search for information (the "what's the use"), or they were not interested in money management (the "uninterested"). A fifth group was characterized by relatively more interest in money management or in searching for money management information.

### LIMITATIONS

Because of the very small sample size, generalizations cannot be made to the low income elderly population as a whole. Not only was this a convenience sample, but an isolated subgroup of low income elderly who attended senior citizens' centers. Thus this group may be different from either the total elderly population or the low income elderly population.

The inability of some of the interviewees to understand the questions asked is another limitation of the study. In addition, the limited education of many respondents made it difficult for them to express themselves even when they understood the questions.

Interviewer bias and subjects' reactions to the interviewer could be possible limitations of the study. Because the researcher was present during the data collection

process, her values, perceptions, presumptions, etc. may have had an effect on interpretation of the data. The respondents' reactions to the interviewer may have affected the information given by them. Some respondents may have given the answer they thought would be acceptable to the interviewer or may have withheld information they felt should not be revealed.

In addition, the study is limited by lack of data regarding respondents' actual financial decisions. While some information, not analyzed here, was obtained regarding savings accounts, life insurance, and health insurance, it was not sufficient to determine whether people had made optimal decisions. Thus, it cannot be determined as to whether there is a relationship between information search behavior and the quality of financial decisionmaking.

### SUMMARY OF FINDINGS

With regard to the overall sample population, there were several notable findings. Approximately one-half of the persons in the sample said they did not look for financial management information prior to making a financial decision for which they were inadequately informed. The other one-half said they look for financial management information, but many of these indicated that they look for information from relatives or friends. This finding is consistent with research conducted by Klippel and Sweeney (1974). Only 30 respondents said they read money management literature, and only 39 respondents said they listen to money management programs on TV or radio. This finding is also consistent with previous research (Klippel and Sweeney, 1974; Miller and Petrich, 1986). However, many of those who said they read money management literature and/or listen to money management programs either could not give examples of this literature and/or programs or gave examples of

literature and/or programs that do not focus on money management. Thus, the evidence indicates that very few of the people in the sample are obtaining financial management information from non-personal sources. Many of those who do not look for information made comments which indicated that they did not search for information because they used past experiences in making financial decisions. This finding is also consistent with previous research (Schutz et al., 1979; Friedman & Wasserman, 1978; Mason & Bearden, 1978; Schiffman, 1971). However, it is questionable whether the past experience of persons with such limited education is a good guide for present and future decisions, especially as financial products and services have changed so much in recent years.

In spite of the low level of information search activity indicated by respondents, the majority of the persons in the sample did feel that it is worthwhile to look for information before choosing a savings account or savings institution, a life insurance policy or company, and a health insurance policy or company (57, 62 and 76, respectively). Thus many seemed to be aware that product differences exist.

Even when the sample population was divided into subgroups characterized by differences in information search behavior, more similarities than differences existed between the groups. However, those persons who look for information were more likely than those who don't look for information to have completed 12 or more years of education, to be in the highest income categories, to be pension recipients, to have other sources of income, and to shop around for financial products.

### HYPOTHESES SUGGESTED BY THE FINDINGS

Bearing in mind the questionable nature of the information sources named by some of the "searchers" in this study, the data obtained in this study generally support the widely accepted hypothesis that consumers will search for and use information only when its perceived benefits exceed its costs (Stigler, 1961; Thorelli, Becker & Engledow, 1975; Russo, 1988).

The costs of information search have been described as including direct costs such as cash outlays for subscriptions, the cost of gasoline, and the opportunity cost of time (Thorelli et al, 1975) and nonmonetary costs such as the effort it takes to use information and annoying or unpleasant experiences (Russo, 1988; Thorelli et al, 1975). The primary benefit is that of reducing the risk of making a poor decision (Thorelli et al, 1975).

In this low income elderly sample, the majority of the people seemed to believe that the risk of making a poor decision was relatively low because few decisions were made and those decisions involved relatively little money. In addition, the costs of search appear to have been perceived as high. Some people indicated that information would have to be purchased and they could not afford to pay. Others, particularly those categorized as "uninterested", disliked managing or thinking about managing money and, therefore, would find information search activities to be costly. Many were also unwilling to reveal financial information about themselves in order to gain information. Persons who felt unable to understand financial management information would experience psychological stress as a cost of information search. Thus, relatively few respondents both indicated that they would search for information if they needed it and demonstrated knowledge of appropriate sources of such information. However, even in this relatively homogeneous sample, education and

income were somewhat higher among the persons categorized as "searchers" than among those categorized as "nonsearchers". Thus, the perceived benefits relative to costs seem to go up as the perceived risk of loss and the ability to understand information go up. Findings suggest the following hypotheses.

- 1) Both interest in and use of financial management information will be relatively uncommon among low income elderly persons because the perceived costs of information search and use will exceed the perceived benefits.
- 2) As income increases, low income elderly persons will perceive a greater risk of making a poor financial decision because a greater range of financial choices seems possible.
- 3) As the perceived risk of making a poor financial decision increases, low income elderly persons will perceive greater benefit to be obtained from searching for and/or using information regardless of educational attainment.
- 4) As educational attainment increases, low income elderly persons will perceive a greater benefit to be obtained from searching for and using financial management information, regardless of the perceived degree of risk associated with financial decisions, because knowledge of available sources will increase and psychological stress associated with information search and use will decrease.
- 5) Low income elderly whites will be more receptive to financial management information than blacks because they are more likely to trust the sources of such information.
- 6) Low income elderly consumers will be more receptive to information provided by personal contact than to that provided through print or broadcast media because less effort is needed to interpret the information.
- 7) Low income elderly consumers will be more likely to pay attention to financial management information if it is brought to them (e.g. as via senior citizens' centers) rather than their having to seek it since the perceived benefit is too low to justify the cost of search.
- 8) Low income elderly consumers will be more likely to pay attention to financial management information if it is presented as simply as possible and pertains to decisions they perceive to be relevant to them.

## CONCLUSIONS

In 1970, only 28 percent of persons age 65 and older were high school graduates. This figure increased to 46 percent in 1985 and is expected to increase to 64 percent in the year 2000 (U.S. Department of Commerce, 1984). Thus, in the future, older persons, even those with low incomes, may be better equipped with the skills and abilities necessary to manage their finances. However, if the hypotheses suggested by this study are sustained by a larger, more representative sample, a considerable segment of the current elderly may not be receptive to or able to use most financial management information even though their need for it probably exceeds the perceived need expressed by respondents in this study.

Russo (1988) suggests that when persons do perceive some benefit to be obtained from use of information, use can be increased if the effort involved in using the information can be minimized. Thus, persons such as those included in this sample, might make use of information if little or no effort were required to interpret it. Thus, people might use information regarding medigap insurance, for example, if policies were simply ranked according to ratio of benefits paid out to premiums paid. However, in areas where the potential for financial loss is considerable, as is the case with regard to the purchase of medigap policies, regulation of products or services may be needed to protect many elderly consumers from making serious financial mistakes.

**Appendix A**  
**QUESTIONNAIRE**

**FINANCIAL MANAGEMENT OF THE ELDERLY**

## FINANCIAL MANAGEMENT OF THE ELDERLY

## COVER SHEET

DATE: \_\_\_\_\_ TIME STARTED \_\_\_\_\_ TIME ENDED \_\_\_\_\_

## INTERVIEW NUMBER

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16

17 18 19 20 21 22 23 24 25 26 27 28 29 30

31 32 33 34 35 36 37 38 39 40 41 42 43 44

45 46 47 48 49 50 51 52 53 54 55 56 57 58

59 60 61 62 63 64 65 66 67 68 69 70 71 72

73 74 75 76 77 78 79 80 81 82 83 84 85 86

87 88 89 90 91 92 93 94 95 96 97 98 99

RESPONDENT'S race \_\_\_\_\_

gender \_\_\_\_\_

residence \_\_\_\_\_

INTERVIEW NOTES:

## SECTION I. BACKGROUND CHARACTERISTICS

Last summer my department at Ohio State did a study of older people in order to learn more about their economic situation and economic problems. One of the things we found is that older people have particular concerns about savings accounts, health insurance, and life insurance. As a result we are conducting another study to find out, in more detail, how older people make decisions about these particular financial products. We hope that our findings will help us develop ways of making it easier for people to manage their money.

First we need a bit of information about you.

1) How old are you (to your nearest birthday)? \_\_\_\_\_

2) And your marital status is single, married, divorced  
or widowed? \_\_\_\_\_

3) How many years of education did you complete? \_\_\_\_\_

4) Approximately what was your total household income  
before taxes last year?

\_\_\_\_\_ Under \$5,000

\_\_\_\_\_ \$5,000-\$9,999

\_\_\_\_\_ \$10,000-\$14,999

\_\_\_\_\_ \$15,000-\$21,000

5) Do you receive Social Security? \_\_\_\_\_yes \_\_\_\_\_no

6) Do you receive income from a pension?

\_\_\_\_\_ yes (specify source) \_\_\_\_\_

\_\_\_\_\_ no

7) Do you have any other sources of income such as interest, dividends, or gifts from family members, or income from employment?

\_\_\_\_\_ yes (specify) \_\_\_\_\_

\_\_\_\_\_ no

8) Which of these statements best describes how you feel about your financial situation?

I can't make ends meet \_\_\_\_\_

I have enough to meet my needs but no extra \_\_\_\_\_

I have enough to meet my needs and a bit extra \_\_\_\_\_

I can nearly always afford the things I need or want \_\_\_\_\_

## SECTION II. GENERAL INFORMATION ABOUT FINANCIAL DECISIONMAKING

Now let's talk about money management in general for a few minutes.

1) When you don't feel you know enough to make a good decision about a financial matter, what do you do? For example, do you not make a decision, make a decision with whatever information you have, or go looking for information?

\_\_\_\_\_ don't make a decision: why don't you look for information?

\_\_\_\_\_ make a decision with information at hand: why don't you look for information?

\_\_\_\_\_ look for information: where or from whom do you seek information?

2) Some people enjoy thinking, reading, and/or talking about financial matters, and making financial decisions. Others really dislike it. How would you describe yourself?

What do you like/dislike about it?

3) Do you ever read articles or books about money matters just to learn more about managing money?

\_\_\_\_\_yes: Could you give me some examples?

\_\_\_\_\_no: Why not?

4) Do you ever listen to TV or radio programs about money management

\_\_\_\_\_yes: Which ones?

\_\_\_\_\_no: Why not?

5) Do you do anything in particular to try and get the most for your money?

For example, do you

have a budget\_\_\_\_\_yes \_\_\_\_\_no

shop around for goods and services\_\_\_\_\_yes \_\_\_\_\_no

shop around for financial products such as insurance  
and savings\_\_\_\_\_yes \_\_\_\_\_no

use coupons\_\_\_\_\_yes \_\_\_\_\_no

use senior citizen discounts\_\_\_\_\_yes \_\_\_\_\_no

anything else? (specify)\_\_\_\_\_yes \_\_\_\_\_no

6) Nowadays, many companies sell their products and services through the mail rather than in stores or with salespersons. Do you ever receive material in the mail asking you to buy insurance, make investments, or buy other products? I don't mean just advertisements but materials which include order forms.

\_\_\_\_\_yes: How often do you read this kind of mail?

\_\_\_\_\_no

7) Have you ever bought insurance or made an investment solely through information that has come in the mail?

\_\_\_\_\_yes: What did you buy?

\_\_\_\_\_no: Have you ever considered buying insurance or making an investment solely through information that came in the mail?

\_\_\_\_\_yes: Why did you decide not to buy?

\_\_\_\_\_no

8) Since you turned 65 have you been contacted by any insurance agents whom you didn't contact first? That is, have you received unasked-for phone calls or visits from insurance agents?

\_\_\_\_\_no

\_\_\_\_\_yes: Can you describe any of these contacts? That is, what kind of insurance did the agent want to sell you, what did he or she say and did you buy or not? (If yes, why?)

## SECTION III. SAVINGS DEPOSITS

Now let's talk about a specific kind of financial decision: the selection of savings accounts.

## III.A. PRESENT HOLDINGS

1) Do you presently have any savings accounts? They might be passbook savings, NOW accounts, certificates of deposit (CDs) or money market fund accounts.

Check which accounts respondent has

\_\_\_\_\_ passbook savings

\_\_\_\_\_ NOW account

\_\_\_\_\_ certificate of deposit

\_\_\_\_\_ money market fund account

\_\_\_\_\_ none of these

2) Do you have a non-interest earning checking account?

\_\_\_\_\_ yes

\_\_\_\_\_ no

3) Do you have any other place you put money you save?

If yes: Where?

IF RESPONDENT HAS NO SAVINGS ACCOUNTS, GO TO SECTION III.C.

We don't need to know how much money you have in your savings accounts, but would like to get a little more information about them.

ASK ABOUT THOSE ACCOUNTS RESPONDENT HAS

Let's start with your PASSBOOK ACCOUNT.

4) How long have you had this account? \_\_\_\_\_ months/years

5) At what institution (bank, S&L, credit union) is this account? \_\_\_\_\_

6) Do you recall the interest rate being paid on this account?

Yes: \_\_\_\_\_%

No/not sure: Can you estimate it? \_\_\_\_\_%

7) About when did you make your last deposit into this account?

\_\_\_\_\_ days/months/years ago. Was this a direct (EFT) deposit?

8) Is the money in this account being saved for any special purpose?

\_\_\_\_\_yes: For what? \_\_\_\_\_

\_\_\_\_\_no

You indicated that you also have a NOW ACCOUNT.

9) Where is that account?

\_\_\_\_\_

10) What's the rate currently being paid on your NOW account money? \_\_\_\_\_%

Don't know: can you estimate it? \_\_\_\_\_%

11) Do you have to have any minimum balance in your NOW account:

a) in order to receive interest on your money?

yes: \$\_\_\_\_\_

no\_\_\_\_\_

don't know\_\_\_\_\_

b) in order to avoid service fees or charges

yes: \$\_\_\_\_\_

no\_\_\_\_\_

don't know\_\_\_\_\_

12) How long have you had this NOW account?

\_\_\_\_\_months/years

13) About when did you make your last deposit into this account?

\_\_\_\_\_day/months/years ago. Was this a direct (EFT) deposit?

14) Is the money in this account being saved for any special purpose?

\_\_\_\_\_yes: For what?\_\_\_\_\_

\_\_\_\_\_no

You also have a CERTIFICATE OF DEPOSIT (if has more than one, ask about the most recent)

15) Where is your CD? \_\_\_\_\_

16) What interest rate are you receiving on this CD?

\_\_\_\_\_%

don't know/not sure: can you estimate? \_\_\_\_\_%

17) Did you have to deposit some minimum amount of money to get that rate?

yes: \$ \_\_\_\_\_

no/not sure \_\_\_\_\_

18) How long have you had this certificate of deposit?

\_\_\_\_\_ months/years. Did you roll it over from a previous CD?

19) What is the current length of maturity for this CD?

\_\_\_\_\_ days/weeks/months/years

20) Is the money in your CD being saved for any special purpose?

\_\_\_\_\_ yes: For what? \_\_\_\_\_

\_\_\_\_\_ no

Now let's talk about your MONEY MARKET FUND ACCOUNT

21) What company is that with? \_\_\_\_\_

22) Do you recall the most recent rate of interest you received on your money market account?

yes: \_\_\_\_\_%

no/not sure - can you estimate? \_\_\_\_\_%

23) Some money market fund accounts have limits on the number of withdrawals allowed per month and the size of the withdrawals. Do you know if there are any such restrictions on your account?

yes: \_\_\_\_\_per month/quarter/year \$\_\_\_\_\_per withdrawal

no restrictions\_\_\_\_\_

don't know\_\_\_\_\_

24) When did you last make a deposit into this account?

\_\_\_\_\_month/year. Was it a direct (EFT) deposit?

25) Are you saving the money in your money market account for any special purpose?

\_\_\_\_\_yes: For what?\_\_\_\_\_

\_\_\_\_\_no

26) Do you know if (name institution where respondent saves) offer any special accounts or special services for senior citizens?

No, they don't\_\_\_\_\_: How did you find this out?

Don't know\_\_\_\_\_

Yes: institution\_\_\_\_\_: How did you find this out?

kind of offering\_\_\_\_\_

does respondent use\_\_\_\_\_yes \_\_\_\_\_no

institution\_\_\_\_\_: How did you find this out?

kind of offering\_\_\_\_\_

does respondent use\_\_\_\_\_yes \_\_\_\_\_no

### III.B. SELECTION PROCESS

We would like to know how you decided where to put your money.

Information is needed for only two institutions. If respondent has funds at more than two institutions, select two different types (e.g. a bank and a savings and loan association) if possible. If all are the same type, select accounts in the following order: CD, money market account, NOW account, passbook account.

You've said that you have a (*account*) at (*institution*).

1) Do you remember why you chose to open your (*account*) there?

IF RESPONDENT ONLY HAS ONE ACCOUNT, GO TO QUESTION 3

You also said that you have a (*account*) at (*institution*).

2) Do you remember why you chose to open your (*account*) there?

Now let's talk about why you chose the kind of account(s) you have.

3) You have a (*account*) at (*institution*). When you opened this account do you recall why you selected this kind of account for your savings?

IF RESPONDENT ONLY HAS ONE ACCOUNT, GO TO SECTION III.C.

4) You also have a (*account*) at (*institution*) When you opened this account what kinds of things led you to select a (*account*)?

### III.C. INFORMATION GATHERING PROCESS (HYPOTHETICAL)

1) Let's pretend for just a moment. A friend of yours has received a small inheritance. Your friend has already decided to put the money in one of the kinds of savings accounts we've been talking about but doesn't know how to decide what kind of account or what institution. Your friend doesn't want you to tell him what to do, but rather just wants advice on where to go for information and what questions to ask. What advice would you give him?

Probe for advice on where to find information and how to pick a financial institution and a particular kind of account. Ask about why various advice would be given if respondent doesn't volunteer such information.

2) There are a few possible sources of information which you didn't mention and I'm interested in how helpful you think they might be to your friend in making his decision.

Ask how about sources not mentioned in previous question.

What about financial management publications like *Consumer Reports* and *Money*? Would you suggest that your friend look at these kinds of publications to learn more about shopping for a savings account?

Why or why not?

You didn't mention bank or savings and loan personnel? Do you think they would be helpful to your friend?

Why or why not?

What about advertisements in the newspaper or on TV? Would you have your friend look at these?

Why or why not?

In general, do you feel that it's worth a person's time and effort to collect information or consult with others before he decides where and how to save his money or are all savings accounts about the same?

\_\_\_\_\_all about the same

\_\_\_\_\_worth effort

4) Should you have to make a decision about where to save your money or what kind of account to put it in, how comfortable would you feel doing that?

Why do you feel that way?

END OF SAVINGS SECTION IF NO CURRENT SAVINGS, GO TO LIFE INSURANCE SECTION

5) Have you considered changing the type(s) of savings accounts you have or the institution(s) you're saving with in the past 2 years?

\_\_\_\_\_no: Why not?

\_\_\_\_\_yes: Why?

6) Overall, how satisfied are you with the way you're saving your money right now? Why?

7) Have you had any experiences or problems dealing with savings accounts either picking them or using them—that I haven't asked about but might be interested in?

## SECTION IV. LIFE INSURANCE

Now we're going to switch gears and talk about life insurance. The kinds of questions I'll be asking you are similar to those I asked about savings.

## IV.A. PRESENT COVERAGE

1) Do you have any life insurance including accidental death and dismemberment insurance?

\_\_\_\_\_yes GO TO QUESTION 2

\_\_\_\_\_no Why not? Have you cancelled any policies in recent years? If yes, why?

GO TO SECTION IV.D.

2) How many different life insurance policies do you have? \_\_\_\_\_

We need a little information about this (these) policy(ies). If you have the policy(ies) handy and would like to get it (them), that would be fine.

3) For each policy ask the following set of questions:

a) With what company is this policy? \_\_\_\_\_

b) Is the policy term insurance or does it have a cash value or savings component?

\_\_\_\_\_term

\_\_\_\_\_cash value

If term: At the end of the term, can the policy  
be renewed or changed to a cash value  
policy?

\_\_\_\_\_renewable If yes: Why did you get this feature?  
Do you still need it?

\_\_\_\_\_convertible If yes: Why did you get this feature?  
Do you still need it?

GO TO QUESTION c

If cash value: Is this regular straight life  
insurance or is it one of the types  
you finish paying for at some point  
e.g. "paid up at 65" or "endowment"?

\_\_\_\_\_straight life

\_\_\_\_\_other (specify)\_\_\_\_\_

What is the present cash value of this policy? \$\_\_\_\_\_

c) What is the policy's face value? \$\_\_\_\_\_

d) What is the annual premium for this policy? \$\_\_\_\_\_

IF POLICY IS PAID UP GO TO QUESTION g

e) How often do you pay a premium for this policy?\_\_\_\_\_

If more often than annually: Why do you pay it more often than once a year?  
Does it cost you more to make more frequent payments?

f) How do you pay the premium? Do you mail a check to the company, have the  
premium deducted from your checking account, pay an agent who comes to your  
home, or what?

If the premium is paid to an agent who comes to the home: Why do you use this method of payment? Does this service cost extra money?

g) How will the money be paid to your beneficiary?

\_\_\_\_\_ lump sum

\_\_\_\_\_ installment payments

\_\_\_\_\_ to be decided by beneficiary

h) Why did you choose this method of settlement?

i) How long have you had this policy? \_\_\_\_\_

IV.B. SEARCH PROCESS (If it is obvious that the respondent did not buy any policies owned, skip this section)

Information on search processes is only needed for two policies. If respondent has more than two policies ask for information on two different types (term and cash value) if possible or on first two policies mentioned if all are of the same type.

There are many reasons why people buy specific policies from specific companies. I realize that you have had the policy(ies) you own for a while, and it may be hard to recall your reasons for buying it (them). However, as you think back on your situation at the time you bought (*first mentioned policy*):

1) Can you recall why you bought a policy from the (*company*) instead some other company?

2) Before you bought from (*company*) did you investigate other companies?

\_\_\_\_\_yes: Why?

\_\_\_\_\_no: Why not?

IF RESPONDENT HAS NO OTHER POLICIES, GO TO QUESTION 5

3) What about your policy with the (*company*)? Why did you buy a policy from them?

4) Before you bought from (*company*) did you investigate other possible companies?

\_\_\_\_\_yes: Why?

\_\_\_\_\_no: Why not?

Now I'd like to know why you bought the particular type of policy you chose.

5) The policy with the (*company*) is a (*type*) policy? Can you recall why you bought a (*type*) policy rather than some other kind?

6) Did you investigate other possible policies before buying this one?

\_\_\_\_\_yes: Why?

\_\_\_\_\_no: Why not?

IF RESPONDENT HAS NO OTHER POLICIES GO TO SECTION IV.C.

7) And the (*type*) policy with the (*company*)? Why did you choose a (*type*) policy instead of some other type?

8) Did you investigate other possible policies before you bought this one?

\_\_\_\_\_yes: Why?

\_\_\_\_\_no: Why not?

#### IV.C. NEEDS ASSESSMENT FOR RESPONDENTS WHO HAVE LIFE INSURANCE

Let's talk a little about why you have life insurance. People have life insurance for a lot of different reasons.

1) Why do you have life insurance?

2) Which of these statements best describes how you feel about your life insurance coverage?

\_\_\_\_\_ I have the right amount of coverage  
(GO TO SECTION IV.D.)

\_\_\_\_\_ I have more coverage than I need  
(GO TO NEXT QUESTION)

\_\_\_\_\_ I need more coverage than I have  
(GO TO QUESTION 4)

3) Have you considered cancelling any of your policies?

\_\_\_\_\_yes: Why haven't you done it?

\_\_\_\_\_no: Why not? (GO TO SECTION IV.D.)

4) Have you considered buying more insurance?

\_\_\_\_\_yes: Why haven't you done it?

\_\_\_\_\_no: Why not?

#### IV.D. INFORMATION GATHERING PROCESS (HYPOTHETICAL)

1) Your friend is in need of help again. He needs to buy some life insurance and doesn't know where to start. He asks you for help. What information does he need and where or to whom should he go to get it?

Probe for advice on where to find information and how to pick an insurance company and a particular kind of policy. Ask about why various advice would be given if respondent doesn't volunteer such information.

2) There are a few possible sources of information which you didn't mention and I'm interested in how helpful you think they might be to your friend in making his decision.

Ask how about sources not mentioned in previous question.

What about financial management publications like *Consumer Reports* and *Money*? Would you suggest that your friend look at these kinds of publications to learn more about shopping for life insurance?

Why or why not?

You didn't mention insurance agents? Do you think they would be helpful to your friend?

Why or why not?

What about advertisements in magazines or that come in the mail. Would you have your friend look at these?

Why or why not?

3) In general, do you feel that it's worth a person's time and effort to collect information or consult with others before he purchases life insurance or are all life insurance policies about the same?

\_\_\_\_\_ all about the same

\_\_\_\_\_ worth effort

4) Should you have to make a decision about buying or cancelling a life insurance policy how comfortable would you feel doing that?

Why do you feel that way?

5) Have you had any experiences or problems dealing with life insurance—either buying it or using—that I haven't asked about but might be interested in?

## SECTION V. HEALTH INSURANCE

Last but not least, we're going to talk about health insurance.

## V.A. PRESENT COVERAGE

1) Are you covered by Medicare?

\_\_\_\_\_yes: Do you purchase the Medicare B supplemental insurance?

\_\_\_\_\_yes \_\_\_\_\_no

\_\_\_\_\_no

Are you eligible for Medicaid?\_\_\_\_\_yes \_\_\_\_\_no

2) Do you have any (other) medical expense policies or do you belong to a health maintenance organization?

\_\_\_\_\_yes: How many?\_\_\_\_\_

If more than one: Why do you have (#) separate policies?

\_\_\_\_\_no: Why not? GO TO SECTION V.C.

3) For each policy ask the following questions:

a) With what company is this policy?\_\_\_\_\_

b) Does this policy have a name?

If yes: What is it?\_\_\_\_\_

c) Can you describe the kind of coverages provided by this policy?

Note below any differences between what respondent says and policy says. If respondent provides little information or vague answers, ask specific questions listed below. Try to get as much information as possible regarding the policies benefits.

Does it pay a percent of expenses or a specified dollar amount?

*If it pays a percent of expenses, which expenses are covered and to what degree: hospital room and board? surgeon's fees? prescriptions in the hospital? prescription out of the hospital? physicians' fees? nursing home expenses (if yes, any nursing home or just a skilled care nursing home)?*

*If it pays a fixed dollar amount, under what conditions does it pay it: if you are hospitalized for any reason or only for specified reasons? from first day you are hospitalized or only after a specified number of days of hospitalization? does the amount paid increase or decrease if conditions are met (some policies pay double if you have cancer or have had an accident and pay less if you are over 65)?*

Does the policy pay benefits regardless of other insurance you have or only those expenses not paid for by other policies?

Is the policy guaranteed renewable? If yes, how do you renew it? Do you just pay the premium or do you sign a new contract?

d) What is the annual premium for this policy? \$\_\_\_\_\_

e) How long have you had this policy?\_\_\_\_\_months/years

Did you convert from another policy when you turned 65?

V.B. SEARCH PROCESS (If it is obvious that the respondent did not buy any policies owned skip this section)

Information on search processes is only needed for two policies. If respondent has more than two policies ask for information on two different types (e.g. medigap and cancer) if possible or on first two policies mentioned if all are of the same type.

(Again) I want you to try and recall why you bought the policy(ies) you have. As you think back on your situation at the time you bought (*first mentioned policy*):

1) Can you recall why you bought a policy from the (*company*) instead some other company?

2) Before you bought from (*company*) did you investigate other companies?

\_\_\_\_\_yes: Why?

\_\_\_\_\_no: Why not?

IF RESPONDENT HAS NO OTHER POLICIES, GO TO QUESTION 5

3) What about your policy with the (*company*)? Why did you buy a policy from them?

4) Before you bought from (*company*) did you investigate other possible companies?

\_\_\_\_\_yes: Why?

\_\_\_\_\_no: Why not?

Now I'd like to know why bought the particular type of policy you chose.

5) The policy with the (*company*) is a (*type*) policy? Can you recall why you bought a (*type*) policy rather than some other kind?

6) Did you investigate other possible policies before buying this one?

\_\_\_\_\_yes: Why?

\_\_\_\_\_no: Why not?

IF RESPONDENT HAS NO OTHER POLICIES GO TO SECTION V.C.

7) And the (*type*) policy with the (*company*)? Why did you choose a (*type*) policy instead of some other type?

8) Did you investigate other possible policies before you bought this one?

\_\_\_\_\_yes: Why?

\_\_\_\_\_no: Why not?

#### V.C. NEEDS ASSESSMENT FOR RESPONDENTS WHO HAVE HEALTH INSURANCE

1) Which of these statements best describes how you feel about your health insurance coverage?

\_\_\_\_\_I have the right amount of coverage  
(GO TO SECTION V.D.)

\_\_\_\_\_I have more coverage than I need  
(GO TO QUESTION 2)

\_\_\_\_\_I need more coverage than I have  
(GO TO QUESTION 3)

2) Have you considered cancelling any of your policies?

\_\_\_\_\_yes: Why haven't you done it?

\_\_\_\_\_no: Why not?

GO TO SECTION V.D.

3) Have you considered buying more insurance?

\_\_\_\_\_yes: Why haven't you done it?

\_\_\_\_\_no: Why not?

#### V.D. INFORMATION GATHERING PROCESS (HYPOTHETICAL)

1) Your friend is in need of help one more time. This time he needs to buy some health insurance and doesn't know where to start. What information does he need and where or to whom should he go to get it?

Probe for advice on where to find information and how to pick an insurance company and a particular kind of policy. Ask about why various advice would be given if respondent doesn't volunteer such information.

2) There are a few possible sources of information which you didn't mention and I'm interested in how helpful you think they might be to your friend in making his decision.

Ask how about sources not mentioned in previous question.

What about financial management publications like *Consumer Reports* and *Money*? Would you suggest that your friend look at these kinds of publications to learn more about shopping for health insurance?

Why or why not?

You didn't mention insurance agents? Do you think they would be helpful to your friend?

Why or why not?

What about advertisements in magazines or that come in the mail. Would you have your friend look at these?

Why or why not?

3) In general, do you feel that it's worth people's time and effort to collect information or consult with others before they purchase health insurance or do you think all policies are about the same?

\_\_\_\_\_all about the same

\_\_\_\_\_worth effort

4) Should you have to make a decision about buying or cancelling a health insurance policy how comfortable would you feel doing that?

Why do you feel that way?

5) Have you had any experiences in dealing with health insurance— either buying it or using it—which I haven't asked about but might be interested in?

That's the end of the questionnaire! Let me check back through my notes and make sure I have all the information I need.

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