

1st Quarter 2005 ICEF Phone Survey

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Introduction

This report presents the findings from the first in an ongoing series of Quarterly National Phone Surveys, sponsored by the InCharge Education Foundation. Eight carefully selected questions will be repeated as a longitudinal study, to measure consumer attitudes toward their personal finances over time. In addition, two additional questions will be asked each quarter, with varying interview topics, in order to stay in tune with current economic events and how they impact Americans.

Purpose and Findings

InCharge Education Foundation (ICEF) commissioned the study, and its purpose was to examine selected variables of a large national sample of the general U.S. adult population, relating to personal finance. **Two of the questions** asked are presented, together with the findings. Each question is shown together with the number of responses, detailed tables of ratings and tables which collapse the original ten point scale ratings into groupings.

Question 1: Spending the Tax Refund

If you received a \$1000. tax refund, which of these ***best describes*** what you would do with ***most or all of the money?*** See Table 1; Variable 1a_d; N=993.

Table 1 (V1a_d)				
1. What would you do with your tax refund?				
	Frequency	Percent	Cumulative Frequency	Cumulative Percent
a. I would buy things I wanted	55	5.5	55	5.5
b. I would put it into an emergency savings account	284	28.5	339	34.0
c. I would put it into a retirement or investment account	185	19.0	524	53.0
d. I would pay some of my debts or bills	469	47.0	993	100.0

Respondents were asked what they would do with a tax refund of \$1000.00 if they received one with response choices of “I would buy things I wanted”(6%), “I would put it into an emergency savings account” (28%) “I would put it into a retirement or investment account” (19%) “I would pay some of my debts or bills” (47%).

Table 2: What would you do with your tax refund?			
Break out by Gender			
	Total	Male	Female
Column:		A	B
Base: Valid respondents	991	487	504
Weighted	993	476	517
I would buy things I wanted	55 6%	36 7%	20 4%
I would put it into an emergency savings account	284 29%	128 27%	155 30%
I would put it in a retirement or investment account	185 19%	99 21%	87 17%
I would pay some of my debts or bills	469 47%	213 45%	255 49%

- Males comprised 48% of the clients and 52% % were female, which is a typical distribution of the general population.
- Men were more likely to buy things with their tax refunds than women.
- Approximately six in 10 (59%) were either married or living with a partner, and 41% were unmarried.

**Table 3: What would you do with your tax refund?
Break out by Age**

	Total	18-34	Age Group 35-54	55+
Column:		C	D	E
Base: Valid respondents	991	203	418	366
Weighted	993	312	393	284
I would buy things I wanted	55 6%	20 6%	17 4%	18 6%
I would put it into an emergency savings account	284 29%	74 24%	109 28%	100 35% CD
I would put it in a retirement or investment account	185 19%	49 16%	64 16%	72 25% CD
I would pay some of my debts or bills	469 47%	170 54% E	204 52% E	94 33%

- The average age of the respondents in this study was 46 years.
- The 55 and older age group was more likely than the younger groups to say they would put the money in an emergency fund, or retirement or investment account.

**Table 4: What would you do with your tax refund?
Break out by Household Income**

	Total	Household Income			G
		Under \$25K	\$25K- <\$50K	\$50 K+	
Base: Valid respondents	991	197	236	407	
Weighted	993	248	234	371	
I would buy things I wanted	55 6%	8 3%	15 6%	23 6%	
I would put it into an emergency savings account	284 29%	86 35% G	49 21%	105 28%	
I would put it in a retirement or investment account	185 19%	30 12%	40 17%	83 22% F	
I would pay some of my debts or bills	469 47%	124 50%	130 56% H	160 43%	

- The median annual family income in this study was between \$50K to \$75K.
- Those earning under \$25K per year were also more likely to put money in an emergency account than those with higher incomes; they were the least likely to say they would buy things.
- Those earning over \$50K per year were least likely to say they would pay off debts or bills, but most likely of the income groups to say they would put the money into a savings or retirement account.

**Table 5: What would you do with your tax refund?
Break out by Geographic Region**

	Total	Northeast	Midwest	Region South	West
Column:		I	J	K	L
Base: Valid respondents	991	194	223	356	218
Weighted	993	200	226	348	219
I would buy things I wanted	55 6%	9 4%	7 3%	17 5%	22 10% IJK
I would put it into an emergency savings account	284 29%	57 29%	61 27%	106 30%	60 27%
I would put it in a retirement or investment account	185 19%	34 17%	51 22%	63 18%	38 17%
I would pay some of my debts or bills	469 47%	100 50%	108 48%	162 47%	99 45%

- Those living in the Western part of the country were significantly more likely to say they would use their tax refunds to go out and buy things than the other regions.

Question 2: Preparation for Retirement

On a scale of one to ten, *how do you feel* about your financial preparation for retirement? One means you feel “Very INsecure (or stressed)”; ten means you feel “Very Secure (or not stressed)”.

Table 6 Preparation for retirement				
	Frequency	Percent	Cumulative Frequency	Cumulative Percent
c. Your financial preparation for retirement				
Very <u>I</u>nsecure or stressed (range 1, 2, 3, 4)	348	35.4	348	35.4
Mid scale (range 5,6)	228	23.4	576	58.8
Very secure or <u>not</u> stressed (range 10, 9, 8, 7)	406	41.2	982	100.0
Average Rating:	5.5			

Respondents were asked about their feelings regarding their financial preparation for retirement on a scale of “1”, or very insecure (18%), to “10” very secure (18%). Grouping the responses into: bottom four (1-4) 35%, top four (7-10) 41% and mid range (5,6) 24%.

**Table 7: Preparation for retirement
Break out by Gender**

	Total	Gender	
		Male A	Female B
Base: Valid respondents	980	487	493
Weighted	982	475	507
Your financial preparation for retirement			
10 - Very secure or not stressed	173 18%	92 19%	81 16%
9	39 4%	19 4%	20 4%
8	108 11%	56 12%	52 10%
7	87 9%	49 10%	38 7%
6	69 7%	39 8%	30 6%
5	160 16%	71 15%	89 18%
4	54 5%	32 7%	22 4%
3	61 6%	27 6%	34 7%
2	55 6%	25 5%	29 6%
1 - Very insecure or stressed	178 18%	65 14%	113 22% A
Summary			
Top4Box (7,8,9,10)	406 41%	216 45%	190 38%
Low4Box (1,2,3,4)	348 35%	149 31%	198 39%
Mean	5.5	5.9 B	5.2 A

- The men in this study report feeling insecure or stressed about their preparedness for retirement significantly less than women.

**Table 7: Preparation for retirement
Break out by Age**

	Total	18-34 C	Age 35-54 D	55+ E
Base: Valid respondents	980	203	420	352
Weighted	982	312	395	271
Your financial preparation for retirement				
10 - Very secure or not stressed	173 18%	45 14%	50 13%	78 29% CD
9	39 4%	8 2%	18 5%	13 5%
8	108 11%	28 9%	41 10%	38 14%
7	87 9%	24 8%	38 10%	23 9%
6	69 7%	23 7%	33 8%	14 5%
5	160 16%	43 14%	69 17%	47 17%
4	54 5%	23 8%	23 6%	8 3%
3	61 6%	26 8%	27 7%	7 3%
2	55 6%	18 6%	27 7%	9 3%
1 - Very insecure or stressed	178 18%	74 24% E	69 18%	34 13%
Summary				
Top4Box (7,8,9,10)	406 41%	104 33%	146 37%	152 56% CD
Low4Box (1,2,3,4)	348 35%	142 46% E	147 37% E	58 21%
Mean	5.5	4.9	5.3	6.6 CD

- Significantly more of those 55 and older in this study report feeling very secure or not stressed about their preparedness for retirement when compared to the younger respondents.

**Table 8: Preparation for retirement
Break out by Household Income**

	Total	Household Income		
		Under \$25K F	\$25K- <\$50K G	\$50K+ H
Base: Valid respondents	980	190	237	407
Weighted	982	241	235	371
Your financial preparation for retirement				
10 - Very secure or not stressed	173 18%	28 12%	31 13%	84 23%
				FG
9	39 4%	1 0	14 6%	17 5%
			F	F
8	108 11%	7 3%	19 8%	55 15%
			F	FG
7	87 9%	10 4%	26 11%	41 11%
			F	F
6	69 7%	13 5%	10 4%	36 10%
			G	G
5	160 16%	36 15%	44 19%	55 15%
4	54 5%	10 4%	13 6%	25 7%
3	61 6%	16 7%	24 10%	17 5%
			H	
2	55 6%	14 6%	16 7%	16 4%
1 - Very insecure or stressed	178 18%	105 44%	39 17%	25 7%
		GH	H	
Summary				
Top4Box (7,8,9,10)	406 41%	46 19%	89 38%	197 53%
			F	FG
Low4Box (1,2,3,4)	348 35%	145 60%	92 39%	83 22%
		GH	H	
Mean	5.5	3.7	5.3	6.5
			F	FG

- As expected, those with the highest household incomes in this study report feeling the least stress and insecurity over their financial preparedness for retirement.

**Table 9: Preparation for retirement
Break out by Geographic Region**

	Total	Region			
		Northeast I	Midwest J	South K	West L
Base: Valid respondents	980	189	224	353	214
Weighted	982	195	227	345	216
Your financial preparation for retirement					
10 - Very secure or not stressed	173 18%	29 15%	43 19%	55 16%	46 21%
9	39 4%	4 2%	12 5%	18 5%	5 2%
8	108 11%	23 12%	28 12%	40 12%	17 8%
7	87 9%	18 9%	19 8%	27 8%	22 10%
6	69 7%	14 7%	13 6%	25 7%	17 8%
5	160 16%	28 14%	41 18%	50 14%	41 19%
4	54 5%	11 6%	9 4%	21 6%	12 6%
3	61 6%	11 5%	21 9%	18 5%	12 5%
2	55 6%	11 6%	11 5%	18 5%	14 7%
1 - Very insecure or stressed	178 18%	45 23% JL	32 14%	72 21% L	28 13%
Summary					
Top4Box (7,8,9,10)	406 41%	74 38%	101 45%	140 40%	91 42%
Low4Box (1,2,3,4)	348 35%	79 41%	72 32%	130 38%	67 31%
Mean	5.5	5.2	5.8 I	5.4	5.8 I

- The Northeastern region of the U.S. reports feeling the most stress or insecurity over financial preparedness for retirement, followed closely by the Southern Region.

ATTACHMENT I.

INTERVIEW OUTLINE FOR 1ST QUARTER ICEF PHONE SURVEY

1. If you received a \$1000. tax refund, which of these *best describes* what you would do with *most or all of the money?* (**READ LIST**)(**RECORD ONE ONLY**)
 - a. I would buy things I wanted
 - b. I would put it into an emergency savings account
 - c. I would put it in a retirement or investment account
 - d. I would pay some of my debts or bills

2. On a scale of one to ten, *how often* does each of following financial situations occur in your life? One means “All the time”; ten means “Never”.

“From one to ten, how often do...”

- a. You worry about being able to meet normal monthly living expenses
- b. You want to go out to eat, go to a movie, or other social activity and don't because you can't afford to
- c. You find yourself just getting by financially and living paycheck to pay check

3. On a scale of one to ten, *how do you feel* about each of the following? One means you feel “Very INsecure (or stressed)”; ten means you feel “Very Secure (or not stressed)”.

“From one to ten, how would you rate...”

- a. Satisfaction with your present financial situation
- b. Your confidence in finding the money to pay for a financial emergency that costs about \$1,000
- c. Your financial preparation for retirement
- d. Your level of financial stress *today*
- e. The level of stress you feel about your personal finances *in general*
- f. Your current finances