

HRS 2010: MODULE 8
FINANCIAL SOPHISTICATION AND INVESTMENT DECISION MAKING

V000 BRANCHPOINT: IF THIS IS NOT A SELF-RESPONDENT (A009/A155 NOT 1), GO TO END OF MODULES

IF R IS ASSIGNED TO MODULE 8 (X009=8), CONTINUE ON TO V000
OTHERWISE, GO TO V000 BRANCHPOINT FOR MODULE 9

V000_ModuleIntro

Although we have finished the interview, we would like to ask you a few new questions. Some questions may be similar to questions we have already asked you, but the researchers are interested in how people respond when the questions are changed just a little.

IWER: If R refused before starting a module, ENTER 9. If R started to do a module and then changed his/her mind, ENTER 99

- | | |
|-------------------------------------|----------------------|
| 1. R is willing | |
| 9. R refused at Module Intro | GO TO END OF MODULES |
| 99. R refused after starting Module | GO TO END OF MODULES |

V351_Interest

100dollars 2percent-interest 5 yrs

The next questions are about money and investments.

First, suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow -- more than \$102, exactly \$102, or less than \$102?

1. More than \$102
2. Exactly \$102
3. Less than \$102

8. DON'T KNOW
9. REFUSED

V352_Inflation

Money buy more same less than today

Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, would you be able to buy more than today, exactly the same as today, or less than today with the money in this account?

1. More than today
2. Exactly the same as today
3. Less than today

8. DON'T KNOW
9. REFUSED

V353_Saferreturn

Single Co stock safer than mutual fund

Do you think that the following statement is true or false: buying a single company stock usually provides a safer return than a stock mutual fund?

- 1 True
- 5 False

- 8 DON'T KNOW
- 9 REFUSED

V354_Highreturn

Asset type with highest returns

Which asset do you think historically has paid the highest returns over a long time period, say 20 years or more -- savings accounts, bonds, or stocks?

1. Saving accounts
2. Bonds
3. Stocks

8. DK;
9. Refuse

V358_ConsiderStockMkt

R Considering stock market in next year

Are you [or your [husband/wife/partner]] considering investing in the stock market in the next year?

1. Yes
5. No → GO TO V360

8. DK → GO TO V361
9. RF → GO TO V361

[IF V358 = YES]

V359_WillInvest

Reasons R will invest in stock market

What are the main reasons you are considering investing in the stock market?

IWER: Check all that apply

1. Low prices are an opportunity to buy
2. I/we do not know where else to invest my/our money
3. Stocks are a good investment in the long run
7. Other

8. DK
9. Refuse

GO TO V361

[IF V358 = NO]

V360_WontInvest (Multiple Mention, up to 3 mentions)

Reasons R not investing in stock market

What are the main reasons you are not considering investing in the stock market?

IWER: Check all that apply

1. I/we do not trust the stock market
2. I/we do not know enough about the stock market
3. I/we have lost too much money in the stock market
4. Investing in the stock market is too expensive
5. Investing in stock market is too complicated
6. Don't have money to invest
7. Other
10. Stock Market is too risky, too uncertain, too up and down
11. R's money is already invested

98. DK
99. Refuse

V361_MoneyStress

Thinking about money stresses R

Next I will read some statements about how people feel about money and investing. Please tell me how strongly you agree or disagree with each statement.

First, "Even when things are going well for me financially, thinking about money stresses me out" -- do you strongly agree, agree, neither agree nor disagree, disagree, or strongly disagree with this statement?

1. Strongly agree
2. Agree
3. Neither agree nor disagree
4. Disagree
5. Strongly disagree

8. DK
9. Refuse

V362_MoneyGone

Wonder where did money go

You often wonder, "Where did all my money go?" (Do you strongly agree, agree, neither agree nor disagree, disagree, or strongly disagree with this statement?)

1. Strongly agree
2. Agree
3. Neither agree nor disagree
4. Disagree
5. Strongly disagree

8. DK
9. Refuse

V363_PayCCBalance

Should always pay credit card balance

It is a big financial mistake to use a credit card without paying off the balance every month. (Do you strongly agree, agree, neither agree nor disagree, disagree, or strongly disagree with this statement?)

1. Strongly agree
2. Agree
3. Neither agree nor disagree
4. Disagree
5. Strongly disagree

8. DK
9. Refuse

NOTE TO PROGRAMMER: Rs ARE RANDOMLY ASSIGNED A VALUE OF 1 OR 2 AT VARIABLE X503. FOR THE QUESTIONS SHOWN IN THE TABLE BELOW (V364 - V374), THOSE R's ASSIGNED X503=1 RECEIVE THE FIRST WORDING IN EVERY FILL. THOSE ASSIGNED X503=2 RECEIVE THE SECOND WORDING IN THE FILLS. All Rs are asked the same wording at V364.)

Note: X503 will contain the same value as in 2008 for those who got module 8 in 2008. Others will be assigned 1 or 2 randomly in X503.

	1. True	5. False	8. DK	9. RF
<p>V364_ALLMONEYSAFEST All money in safest investment</p> <p>For the next questions, please indicate whether you think each statement is true or false. If you are not sure, give your best guess.</p> <p>You should put all your money into the safest investment you can find and accept whatever return it pays.</p>				
<p>V365_INVESTCOMPANYSTOCK Should employee invest in company stock</p> <p>An employee of a company with publicly traded stock should have [a lot/little or none] of his or her retirement savings in the company's stock.</p>				
<p>V366_AVOIDFOREIGNSTOCK Should own foreign stocks</p> <p>It is [best to avoid owning/a good idea to own] stocks of foreign companies.</p>				
<p>V367_RETIREDHOLDSTOCKS Should older people hold stocks</p> <p>(Please indicate whether you think each statement is true or false. If you are not sure, give your best guess.)</p> <p>[Even older/Older] retired people should [hold some/not hold any] stocks.</p>				
<p>V368_INVESTFEWSTOCKS Invest in few vs many stocks</p>				

<p>You should invest [most of your money in a few good stocks that you select rather than in lots of stocks or in mutual funds/in either mutual funds or a large number of different stocks instead of just a few stocks].</p>				
<p>V370_BONDVALUEVSINTERESTRATE Bond value vs interest rate change</p> <p>(Please indicate whether you think each statement is true or false. If you are not sure, give your best guess.)</p> <p>If the interest rate falls, bond prices will [rise/fall].</p>				
<p>V372_SELECTFORGOODRETURN Pick stocks with good returns</p> <p>[If/Even if] one is smart, it is [easy/hard] to pick individual company stocks that will have better than average returns.</p>				
<p>V374_ADVISORUNFAIRADVANTAGE Do advisors take unfair advantage</p> <p>[There is no way to avoid people taking advantage of you, if you invest in the stock market./</p> <p>It's possible to invest in the stock market in a way that makes it hard for people to take unfair advantage of you.]</p>				

V375 BRANCHPOINT IF R ANSWERED 2008 ECONOMICS COURSES QUESTION IN 2008 MODULE 8 (Z152=1) *or* R REPORTED THAT HAD COMPLETED LESS THAN 12 YEARS OF SCHOOL (Z216 *or* B014 {<12 *or* 97 *or* DK *or* RF}) *or* DID NOT SAY, GO TO END OF MODULE

V375_IFECONOMICSCOURSE

If R had Economics courses

During your school education, that is high school, college or graduate school, did you take any courses in economics or finance?

- 1. Yes
- 5. No → GO TO END OF MODULE
- 8. DK → GO TO END OF MODULE
- 9. RF → GO TO END OF MODULE

V376_HOWMANYCOURSES

How many economics courses

How many courses in economics or finance did you take?

1. One
2. Two
3. Three
4. Four to eight
5. More than eight

8. DK
9. RF

****** END OF MODULE ******