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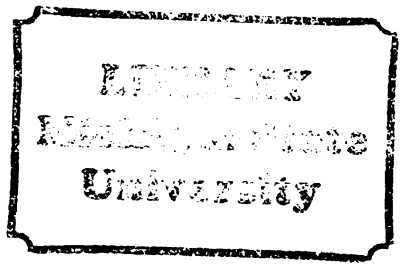

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THE SAVING AND INVESTING PRACTICES OF URBAN, SMALL TOWN, AND RURAL FAMILIES IN MID-MICHIGAN

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THE SAVING AND INVESTING PRACTICES OF URBAN, SMALL TOWN, AND RURAL FAMILIES IN MID-MICHIGAN

By

Judy Ann Lazzaro

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ABSTRACT

THE SAVING AND INVESTING PRACTICES
OF URBAN, SMALL TOWN, AND RURAL
FAMILIES IN MID-MICHIGAN

By
Judy Ann Lazzaro

The saving and investing practices of 107 young Michigan families were examined. A random sample of urban, rural and small town families whose oldest child was between the ages of 6 and 12 responded to an interview and self-administered questionnaire.

The major reasons why young families save and invest their income are for security and emergencies. They hold very traditional, low risk savings and investments. Young families seek very little information to assist them in managing savings and investments.

Families were not highly satisfied or dissatisfied with their financial situation. Respondents were more or less mixed about their feelings toward their family income and family financial security and most expected their future financial situation to remain the same.

Most husbands and wives said that they put equal amounts of time and effort into saving and investing deci-

sions. However in families where only one spouse was involved, it usually was the husband who handled the decisions. The wives felt less capable in making saving and investing decisions than did their husbands.

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By no method of calculation can this thesis be considered the product of any one individual. Rightly assessed, it represents not only the accumulation of the writer's experience, preparation, and reflection, but the indispensable contribution of her family, her parents, her professors, her colleagues, and those whose influence, sacrifice, and cooperation have helped to make this research project feasible. It is not possible to acknowledge them all by name, yet several persons deserve recognition for their efforts.

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PROBLFM AND RATIONALF

Purpose of the Study

In an era of economic uncertainty and limited material resources, the importance of family financial management becomes a major concern of policy makers, educators and researchers, as well as individual family members. For family members to effectively cope with economic conditions, they must be conscious of the wide range of resources available for their use. Material resources such as money income and durable goods are most often considered. However, human resources are equally important in the pursuit of family goals and can, at times, be an excellent substitute for goods and services purchased in the marketplace. The effective management of time, knowledge and skills can play a vital role in the allocation and utilization of limited material resources.

Differences in income, age, education, residence and family composition affect the kinds of decisions families face (Friend, 1954; Watts, 1958; Friend and Shore, 1960; Lewellen, et al., 1977; and Volker, 1979). As families pass through stages of the life cycle, goals and resources change. Families need to understand and plan for these

changes. Positive financial planning practices established early in the family life cycle result in sound long term planning behavior. The risk and uncertainty of economic change has a significant effect on the way families attempt to maintain or improve their level of living and plan for their future financial security. The constraints caused by inflation and unemployment (stagflation) may be more severe for those without substantial real assets.

A sound strategy for saving and investing family financial resources can help to minimize the effects of economic change and contribute to the family's ability to achieve and maintain economic security. Yet, regular saving and investing is a relatively recent development (Gould and Kolb, 1965). Except for the public storage of grain and similar precautionary measures against famine, the accumulation of individual goods or assets has been minimal. The hoarding of precious metals was the traditional form of saving throughout history. In fact, as late as the eighteenth century, many affluent Englishmen had their retirement security packed in chests full of gold coins. Not until the industrial revolution brought about the growth of financial institutions did it become possible for the individual to establish a financial saving and investing program. The hoarding of coin in most cases disappeared from modern industrial societies, except for a short period during the depression. It has again

become popular in the 80's as evidenced by the shortage of safety deposit boxes.

There are many saving and investing instruments available to the public. They offer different rates of return, at various levels of risk and liquidity. Some investment options such as commodity futures or rental property require the investor to have a great deal of time, information and expertise to successfully manage the option. It is a formidable task for the average investor to ascertain which instruments are appropriate considering family values, needs and goals.

Not only do family savings and investments play a critical role in the achievement of individual family goals, they also indicate the overall efficiency of the national economy. Household savings affect new job opportunities and advancement, product prices and availability, interest rates, availability of credit and the housing market (Hefferan, 1980).

> An understanding of the saving behavior of individuals is necessary in order to improve economic prediction, and to locate areas where educational programs might be useful in helping families to pursue more effectively their economic goals (Rudd and Dunsing, 1972, p.35).

Because of the uncertain financial climate of the 80's, a program thrust for family economic stability and security is called for in A Comprehensive National Plan for New Initiatives in Home Economics Research, Extension, and Higher Education, (1981).

> Specifically, programs are needed to develop and extend essential information ... about the effect that family resource management decisions, made early in the family life cycle (such as savings...) have on the family's future financial situation (p.5).

This descriptive study can be viewed as a first step in identifying practices and perceptions associated with family saving and investing behavior. The information resulting from this study can be used to enhance programs aimed at families so that they may increase their skills in managing financial resources throughout the life cycle. The focus will be on families with young children since it is assumed that patterns established in these families have the potential of shaping saving and investing behavior not only in the present but also in terms of the family's future.

Conceptual Framework

A conceptual framework of family managerial behavior can provide a basis from which to examine family saving and investing decisions. Managerial behavior includes planning and implementing for optimal resource allocation based on family goals, values and standards of attainment (Paolucci, 1966; Baker, 1979; Gross, Crandall and Knoll, 1980; Deacon and Firebaugh, 1981). Winter (1980) suggests that the crux of family management is decision making about goal priorities and the appropriate resources to use in attaining important goals.

According to Gross, Crandall and Knoll (1980), the

three basic steps in the decision making process are: (1) problem definition, (2) considering alternatives, and (3) selection of one course of action. Decision making combined with the action stage is defined as problem solving by Deacon and Firebaugh (1981). Managerial behavior integrates these decision making and action processes "into the total concepts of situations with demands and resource utilization" (p.97). Resources available for use in management vary widely among families. Internal factors such as stage in family life cycle, educational attainment, and level of income, coupled with economic uncertainity and environmental conditions can influence the quantity and quality of resources available and recognized by families.

> Improvement of families' skills in managing their time and money resources ... is likely to be effective in helping families control their economic stability and security (New Initiatives, 1980, p.11).

The components of management may be employed in varied situations based on an environmental context. According to Paolucci (1966):

> The framework allows for identifying particular managerial styles or patterns, and provides a way of understanding and organizing behavior so that goals desired by the group can be attained at increasingly higher levels (p.340).

Based on this approach, there are several decisions families may encounter in managing their savings and investments. The decision to save is linked to consumption on one hand and the accumulation of wealth or capital on the

other hand. This decision can be highly influenced by family and individual values, skills and goals.

Definitions

For the purposes of this study, the following definitions were used.

Family--The family was operationally defined as two or more interacting individuals who share living space and some common resources and have a commitment to each other over some period of time.

Young family--A family with at least three members including two adults and a child. The oldest child was between the ages of 6 and 12.

Saving--Saving is foregoing current consumption by accumulating money or material assets for future use. Saving is a flow of money or resources during a particular period and is distinguished from savings which is defined as the stock of unconsumed money or resources at a particular point in time (Gould and Kolb, 1964).

Investing--Investing is the act of exchanging one asset for another which is expected to produce a greater return over a longer period of time (Gould and Kolb, 1964).

Risk--Risk is defined as the chance of losing one's original investment (Quinn, 1980).

Objectives of the study

This study is designed to describe the saving and investing practices of young Michigan families. The major objectives are:

I. To identify financial decision situations of young Michigan families, perceptions, reasons for saving and investing, and asset ownership.

II. To determine the involvement of young Michigan husbands and wives in investment decision making.

III. To determine how young Michigan families manage their saving and investments.

CHAPTER II

REVIEW OF LITERATURE

Theoretical Background

Several approaches to the study of family saving and investing behavior exist. These approaches represent diverse theoretical perspectives.

The Consumption Function

The relationship between income and consumption and income and saving has been the foundation of much research regarding personal saving. This relationship, identified as the consumption function was developed by John Maynard Keynes in 1936. Keynes stated this relationship in the following generalization:

> The fundamental psychological law, upon which we are entitled to depend with great confidence both a priori from our knowledge of human nature and from the detailed facts of experience, is that men are disposed as a rule on the average, to increase their consumption as their income increases, but not as much as the increase in their incomes (Keynes, 1936, p.96).

Those who believe that the relationship between consumption behavior and income is sufficiently dependable, use this framework to predict how much consumption or saving will be associated with a given level of income.

Research following Keynes' work led to the formula-

tion of three new theories of the consumption function: (1) the relative income hypothesis of James Dusenberry (1946);(2) the life-cycle hypothesis of Franco Modigliani and Richard Brumberg (1954); and (3) the permanent-income hypothesis of Milton Friedman (1959). All of these theories have inspired considerable amounts of research, especially the latter two. Friedman and Modigliani added to the Keynesian definition of the consumption function by stating that consumption or saving is basically determined by a longer run measure of resources available to the household and not merely current income. Friedman defines this measure of resources as permanent income, while Modigliani uses total life resources in his definition.

The Family Life Cycle

There was a sharp decline in the ratio of personal saving to disposable personal income during the 1975-1979 period of business expansion. This phenomenon has been of interest because traditionally consumers increase their rate of saving in times of economic expansion, after having spent a sizable portion of their income just to maintain living standards during recessionary periods (Carrado and Steindel, 1980). However, during the most recent expansion, this pattern was not followed. In 1975, the personal saving rate was at the highest level since the early 1940's, but beginning in 1976 the rate fell to 5 1/4% and fluctuated around that level until the first half of 1979. By the end of 1979, the personal saving rate

plummeted to 3 1/2% which was the lowest quarterly level in almost 30 years. In the first half of 1980, the personal saving rate rose above 4%, however it remained at a historically low level as the economy headed into a business recession (Carrado and Steindel, 1980).

One explanation for the low personal saving rate may be the population trend of the late 1970's. During that time, a significant proportion of the nation's population reached the age when customarily households are formed and homes are furnished. Generally, this age group allocates a relatively low proportion of its income to savings (Carrado and Steindel, 1980). The consumption of durable goods seems to be highly associated with the life cycle, peaking in young families with children under six (Bymers and Galenson, 1968).

> As people pass from youth to middle age, and thence to old age and senility, their economic behaviour passes through various phases. The pattern of these changes is sufficiently stable in any one country and period to warrant our dignifying it with the title of an "economic life cycle". (Lydall, 1955).

Following adolescence, the young adult seeks employment. Beginning with limited skills and experience, first earnings are usually lower than those that will be received later as human capital increases. Generally, incomes eventually peak and begin to decline in correlation with employment opportunities. With retirement there is a dramatic reduction in earned income from the middle years.

A longitudinal study was conducted from 1969 to 1979

by the Social Security Administration to obtain information on the personal assets of the elderly (Friedman and Sjogren, 1981). The respondents were between the ages of 58 and 63 at the time of the initial interview and were interviewed every two years during the course of this study. Almost 90% of this group owned some type of asset. The median value of assets owned was $13,600 in 1975, however approximately 13% of the respondents reported assets of $50,000 or more. There was a positive relationship between income and amounts of assets.

The most common form of asset held by the elderly were liquid assets, however, nearly two-thirds of all respondents and more than four-fifths of the couples had equity in a home. In addition, couples maintained a more favorable asset position than nonmarried men and nonmarried women. This could be a reflection of the fact that couples were more likely to own a home and have higher incomes which allowed them to accumulate more assets (Friedman and Sjogren, 1981).

Sontag et al. (1979) drew a sample from Oakland County, Michigan to determine what aspects of life are important to the perceived quality of life of families. Respondents were from rural, suburban and urban areas and were at the child-rearing stage in the family life cycle. The men and women were asked to identify how satisfied or dissatisfied they were with aspects of life that were considered important to them. Findings showed that men were

somewhat less satisfied than women with their total family income. Satisfaction with income was concluded to be a significant factor in both men and women's perceived overall quality of life. The total family income of 70% of the sample was less than $30,000, with the largest group (39%) having incomes between $20,000 and $30,000. With respect to financial security, 47% of the men and 40% of the women indicated that they were not satisfied with this aspect of their lives.

There are many factors that influence one's perception of income adequacy. Age and culture may determine how an individual views income. The same income may mean something totally different to a young, middle-age or older person. The number of dependents who must share the family income is another factor that has a significant influence on the perception of income (Fisher, 1955).

The importance of setting aside current income for use in old age has been brought to our attention because of the increase in the life span and press coverage of Social Security trust fund shortfalls. Personal saving follows a life cycle pattern. In contrast to income which usually follows a predictable pattern from youth to old age, saving follows an irregular pattern. The general trend is for saving to increase in middle age, especially in the latter part of this stage. Although savings tend to be low during the first half of working life, durable consumption expenditures are relatively high. Saving and

consumption expenditures interact with one another. Younger couples allocate surplus income to building up their stock of durable goods, while those in the middle years devote theirs to savings. Retirees begin to use up their capital to some extent, while those who work past the retirement age will continue to add to their capital holdings (Lydall, 1955).

Even though many young and lower income families have aspirations to build financial reserves, most save through buying a house for their own occupancy, purchasing durables, contributing to Social Security and private pensions in lieu of private saving and investing. Williams and Manning (1972) found that families usually establish a foundation for their net worth position by accumulating assets such as automobiles, household equipment, cash value life insurance and interest bearing savings accounts before they go on to items of greater risk. Large additions to savings and reserve funds have been found to prevail only among middle aged families with substantial incomes and large amounts of assets (Katona, 1980).

Lansing and Morgan (1955) treated the purchase of durable goods as an investment of savings. They concluded that young married couples save the most relative to their incomes. One explanation for this is that older couples are presumably under smaller financial pressure to save, especially when the children leave home. Not only did this investigation include the purchase of durables as

positive saving, they entered depreciation on durables as negative saving. This brought about an even lower saving rate in older couples, since they probably have more items to depreciate. In contrast, when durables were defined as expenditures, saving showed little variation over the life cycle. The only exception was a slight increase in saving with age.

Bymers and Galenson (1968) carried their definition of investment one step further, including investment in human resources or investment in family members and the community. Specifically, this relates to expenditures on the education and health of family members plus societal contributions which may affect the level of living of all families. The return of this type of investment can be measured in two forms: (1) economic results in the form of future income and (2) a more qualitative measure in the form of increased psychic or other non-material satisfactions.

Family Management

The technique applied in implementing a saving and investing strategy can be the difference between success or failure. In a study which focused primarily on low income families, Williams, et al., (1976) found that the inability to save money was one of the most frequently cited financial problems that these families incur. Specifically, 26% of the families were never able to save, while 40% often had problems saving.

To assist in making saving and investing decisions, family managers often seek information regarding current and predicted economic conditions, various investment options, and instructions on how to go about building a plan for saving and investing. Information is a valuable resource when applied in financial management.

Barlow, et al., (1966), sampled high income individuals (incomes of $10,000 or more in 1961) to investigate what factors influence their investment decisions. They found that active investors tended to be better informed about investment opportunities. Sources of information such as investment publications, stockbrokers, bank officials, and other qualified professionals were often used. Those investors who were employed in the financial sector were the most informed and sophisticated about investment management. Barlow et al.,found that the degree of investment activity tended to rise with income. It increased with income up to a point but quickly leveled off. That is, the very affluent (those with incomes over $150,000) may have more assets to manage, yet they are no more active in managing them than those with lower incomes. Nevertheless, the most influential factor in explaining market activity was the number of assets owned by the investor.

Lewellen, et al., (1977) looked at the division of responsibility in investment management. Overall male investors claim to be more active in managing their

investments than females. More specifically they allegedly spend more time and money when managing their portfolios. Lewellen , et al., (1977) found women generally depended quite heavily on their broker for advice. It was also apparent that as males get older they tend to take over the responsibility of managing their own portfolio from their broker while women maintain their dependence on their broker throughout their life cycle.

Contrary to popular thought, influence by spouses on family savings decisions was reported to be equal (Chirurg and Cairns, Inc., 1975). However, differences did exist in the degree of influence claimed by employed women versus non-employed women. Differences between these two groups were categorized by marital status, age, education, location and city size. In every category, employed women claimed a higher degree of influence on family savings decisions than non-employed women.

"Decisions about the investment of family income can be influenced by the purposes for which people accumulate or hold them" (Barlow, et al., 1966, p.3). As part of a study conducted by the Survey Research Center at the University of Michigan, Katona (1960) reported two major reasons why families save monetary resources: (1) to accumulate a reserve fund against unforseen contingencies, and (2) to spend the money later for specific purposes. People between the ages of 45-65 frequently speak of saving for retirement while young families often save for their

children's education and home downpayments. Saving for retirement is one of the most frequently reported reasons households save (Hefferan, 1981). According to the Consumer Credit Survey (1979) approximately two out of three households are participating in saving or investing programs in preparation for retirement. Barlow et al., (1966), reported that reasons given for saving varied with age and income. The elderly, along with those families with the highest incomes reported that their major reason for saving was to make bequests. Middle aged families saved mainly for their own retirement, where as the young primarily saved for their children's education. However, a statistically significant minority of all income groups stated a desire for financial security as an objective of their saving.

Katona (1974) theorized that decisions to save vary according to two factors: (1) the frequency and size of income increases and (2) the strength of the motivations to save. This viewpoint presents the possibility that people with a large amount of assets save more than people with fewer assets. This is based on the idea that saving is habitual and influenced by some personality trait such as thriftiness. Those who saved in the past are more likely to save in the future. In addition, the desire to save more money may increase among some of the people who have accumulated substantial savings in the past.

Variables Related to Family Saving and Investing

Saving is motivated by the desire or necessity to set aside current income for future use, whether for specific consumption, investment or for general contingencies. According to Friend (1954) the following factors may have an affect on total saving:

> ...total current income; the distribution of income by income, occupation and other characteristics of the population; past income, accumulated liquid assets, stocks of durable goods, and other components of wealth; the level of debt and other contractual obligations; the size of the population and its age and family composition; prices and interest rates, and the availability of credit; realized and unrealized capital gains and losses; the availability of desired goods and services, trends in the standard of living, including the availability of new products; attitudes toward saving; and economic expectations (p. 119).

Rudd and Dunsing (1972) examined knowledge and attitudes toward various aspects of saving, as well as actual family behavior. Although knowledge and attitudes seem to be closely related to each other, this study found that neither variable appeared to be closely related to behavior. Rudd and Dunsing suggest the possibility that although these families had attitudes about their saving activities, they did not translate these attitudes into action. However, more recently, Katona (1980) contends that attitudes and uncertainty resulting from rapid inflation during the 1970's had an impact on individual expenditures and saving. In 1979, the great majority of Americans considered saving, including saving in banks a "good thing" and desired larger amounts of liquid assets. But these

general attitudes did not hinder Americans from purchasing housing, cars, and other durable goods in large quantities even before they were urgently needed. Americans did so in order to acquire the durable goods or to use their liquid assets for downpayments before their prices went up (Katona, 1980).

Emerging from the literature is a clear message that saving and investing behavior is very closely related to personal circumstances.

> Who the investor is -- as defined by a relatively short list of standard demographic attributes -- heavily determines not only what he does but also how he views the process in which he is engaged (Lewellen, et al., 1977).

Generally, the most influencing characteristics related to saving and investing behavior are investor age, income level, sex, marital status, family size, and educational background (Watts, 1958; Friend and Shore, 1960; Lewellen,et al., 1977; and Volker, 1979). Fvans (1981) reported that the majority of total personal saving in the United States is done by those with incomes of over $25,000 per year and have at least a college education.

Because of constrained financial resources many families have found it necessary for both spouses to enter the labor force. Questions were raised about changes in saving and investing behavior due to an increase in dual earner families. Hefferan (1980), tested the hypothesis that the propensity to save income within a family is determined by the number and types of sources of income

received in a family as well as the total dollar level of income. Hefferan approached this study using Milton Friedman's theory of the consumption function. Two definitions of saving were operationalized: (1) an increase in liquid, financial assets over a specific period of time, and (2) an increase in real net worth over a specific period of time. Using the first definition, the findings showed that the propensity to save is higher for single earner rather than multiple earner families. However, by using the second definition of savings, multiple earner families showed a higher propensity to save than did single earner families.

Findings by Strober (1977) would support the conclusion that families with working wives save less than families with the husband as the sole breadwinner. However, these families consume more because there is an increased need for added work related goods and services, such as time saving non-durables. The wife's earnings tend to reduce a family's need to hedge against husband's job loss. The wife's job may mean she will be entitled to employee benefits including pension coverage which provides future income.

The influence of child bearing on a family's ability to save and accumulate assets was examined by Smith and Ward (1979). The findings indicate that families with young children have decreased savings and couples with marriages of long duration have increased savings. Often,

young families with children are dissatisfied with their current income (Lansing and Morgan, 1955). Fspenshade (1975) found that the age of children had the greatest positive impact on family saving when children were in their mid to late teens. This finding may be a result of up coming college costs for those families who hope their children will go on to college. However, Fspenshade did find that the number of children had no significant effect on saving.

The Effects of Risk on Investment Behavior

The uncertainty of an imperfect world influences all economic decisions. Individuals and families are forced to cope with economic uncertainty by assuming greater amounts of risk which in turn complicates the financial planning process. The cookbook approach is not appropriate for every family because low income families are less able to tolerate high levels of risk. Those families with higher incomes and educational levels are more likely to take greater risks in their financial decisions. As age increases, investors become more averse to risk. Male stockholders are more likely to take risks than are female stockholders. By occupation, those investors in management positions seem to be more inclined to hold riskier portfolios than any other occupational group. Those who are unemployed and retired tend to stay away from risky assets (Blume and Friend, 1975).

Friend and Blume (1975) developed a classification

system which assumes that all assets which are acquired for investment purposes can be unambiguously dichotomized as risky or risk free. However, Friend and Blume are quick to point out that the presence of unanticipated inflation would mean that no asset measured in nominal terms could be considered truly free of risk.

While looking at risk aversion in relation to wealth, Friend and Blume (1975) had to deal with the fact that generally households obtain homes for consumption as well as investment purposes. Therefore, they treated housing in three different ways: (1) not as an investment; (2) as a risky asset where the households' equity in the home is used as the yardstick to measure the relevant investment; and (3) as a risky asset where the investment is measured by the gross market value of the home.

Cohn et al., (1975) contend that the vital issue here is not whether an asset is riskless but rather how the individual perceives the uncertainty. The Cohn research team would argue that any classification system which divides assets into risky and riskless categories is purely an empirical decision. However,their findings imply that obtaining risky assets is positively correlated with age and income and negatively correlated with being married. More specifically, single individuals tend to be more inclined to build their portfolios with higher risk assets than married couples.

Lewellen, et al., (1977) examined attitudes toward

risk. On a scale of one to five, ranging from "strongly disagree" (1) to "strongly agree" (5), respondents were asked to give their reactions to the statement: "I like to take substantial financial risks to realize significant financial gains from investments." Conclusions drawn from this study show that age and risk taking propensities are inversely related with a major change at age 55 and over. Surprisingly there was no difference in investors attitudes toward risk when categorized by income. This finding is interesting when compared with the results of the study conducted by Cohn, et al., (1975) who examined investment activities, not perceptions, and found that greater risks are indeed taken as income rises.

Using the 1971 Federal Income Tax returns, Blume and Friend (1975) found that undiversified portfolios of assets were held by a large number of individuals. Generally, households with a greater number of dependents and those headed by males, maintain portfolios with a higher degree of diversification. Those who were retired were less diversified than any other occupational group. The age of household head seems to have minimal effect on asset diversification, though several were statistically significant. More of those who did not have diversified portfolios indicated that their investment returns were below average when compared to those with highly diversified portfolios.

In summation, the literature supports the idea that

saving and investing practices are related to stages in the family life cycle. How families perceive economic conditions, reasons why families save or invest, how families chose to manage their savings and investments and what environmental factors influence saving and investing decisions are questions researchers have examined in the past. The literature points out the need to further investigate these questions in relation to environmental and family characteristics in hopes that findings may be used to assist families in developing sound financial management skills.

CHAPTER III

METHODOLOGY

This descriptive study was designed to explore the saving and investing practices of young Michigan families. The purposes of this chapter are to describe the research design, the sampling procedures, and resulting sample, the instrumentation and operationalization of pertinent variables, and the procedures used in reducing and interpreting the data.

Research Design

The present study is part of a larger research project sponsored by the Michigan Agricultural Experiment Station Research Project (AES 1363H), the College of Human Ecology (Human Ecology Research Initiation Grant) and the Department of Family and Child Ecology at Michigan State University, and the Michigan Cooperative Extension Service.[1] The larger study is a descriptive study aimed at identifying involvement in household production of urban, rural and small town families in Mid-Michigan. A random

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[1] Paolucci, B., Hathaway, I. and Andrews, M. Contributions of household production to family income, Proposal for Agricultural Experiment Station research project, #1363H, Michigan State University, 1980.

sample of 107 young families whose oldest child was between the ages of 6 and 12 responded to an interview and self-administered questionnaire. Data were collected from the male and female adults and the oldest child to determine the degree of involvement of each in household production and their perceived satisfaction with family life. Data were collected during Spring, 1980.

Research Questions

A characteristic of survey research is its quantitative nature. It systematically describes current practices, attitudes, beliefs or situations (Compton and Hall, 1972). This specific research project focuses on the following questions:

I. What is the financial situation of young Michigan families: perceptions, reasons for saving and investing, and asset ownership?
   1. How do families perceive their financial situation?
   2. What are the major reasons why families save and invest their income?
   3. What savings and investment instruments are owned by young families?

II. What is the involvement of young Michigan husbands and wives in investment decisions?
   1. How is the responsibility for managing family savings and investments delegated?

2. What information sources are utilized in managing family savings and investments?

III. How do young Michigan families manage their savings and investments?

1. What is the level of risk associated with the savings and investment assets owned by young families?

2. How active are families in managing their savings and investments?

Sampling Procedures

The sample for this study was comprised of 107 intact families. The requirements for the families in the sample were that there be a male and female present in the household and the oldest child was between the ages of six and twelve. All families resided in private households within three distinctive geographic locations in Ingham County, Michigan representing urban, small town and rural areas.

The sample was designed to reflect the characteristics of young families in urban, small town and rural settings. The sample was drawn equally from each population area to maintain equitable proportions of families. A minimum of 30 families in each area was considered appropriate for representativeness of population The method for selecting the sample in the three geographic areas was to systematically determine a starting point for each area and then randomly select residential blocks in the area in which to contact households, using a skip

pattern. Starting points and residential blocks were selected before interviewers entered the field.

Sampled Areas

Lansing, the largest population center within Ingham County was chosen for the urban sample. This city is a diverse community in both its people and industries. Located in the heart of Michigan, Lansing is the state capitol and near an academic center, Michigan State University. Its principal industries are transportation equipment, fabricated metals and non-electric machinery.

In Lansing, a school census obtained from the Tri-county Planning Commission was used to identify areas with the highest percentage of school age children between the ages of six and twelve. An area in South Lansing was identified as having the highest number of young children, followed by an area in North Lansing. A visit to these areas by the project directors revealed that South Lansing had indicators of children and household production such as swing sets, homes with symbols for shelter for school age children, gardens and storage sheds for tools. From the city census tract map, a tract was chosen as the first area to sample. An adjacent tract was chosen as the second area to be sampled if more families were needed. The blocks within the census tract were numbered. Apartment buildings were numbered as individual blocks. The block numbers were randomly selected before the interviewers went into the field. It was necessary to sample

all of the blocks in both tracts in order to obtain the required number of families.

Mason was chosen as the small town sample for its close proximity to Lansing and because it has no major industry. It is the seat of county government and includes several smaller industries and service-oriented agencies. Mason is located within commuting distance of Lansing and Jackson, Michigan. As a result, approximately 85% of the labor force are employed outside Mason. The Mason community is composed of factory workers, state employees, retired farmers, and staff and faculty from Michigan State University. The corporate limits were the boundaries for the sample. The Ingham County Extension Home Economist identified the areas in town with the highest number of school age children. The interviewing began in the selected areas, but due to the limited population within Mason, the sampled area included the entire town. The same procedure and block selection that was used in Lansing was also used in Mason.

Wheatfield Township was selected as the rural sample as it was the closest rural area to Lansing. Like the city of Mason, the people of Wheatfield township are within commuting distance of Lansing, and find their major source of employment there. The roads of the township were gridded with houses approximately every quarter mile. Every house in the township was visited. There were not enough qualified families within the township so families

from the adjacent rural area of western Leroy Township were included in the sample using the same procedures.

Data Collection Procedures

The research project directors contracted with a marketing research firm to collect data. Six interviewers were responsible for collecting the data. Before field procedures began, briefing sessions for interviewers were conducted by the project directors. Interviewers were briefed on sampling procedures, acquainted with questionnaire items, and given placement and pickup instructions. The interviewers were responsible for: (1) location of the correct households for the sample; (2) introduction of themselves and the study; (3) screening the households for eligibility; (4) asking the family to participate if eligible; (5) asking the family to sign a consent form; (6) asking the adult family member who answered the door to respond to an open-ended question about household production; (7) explaining the procedures to the family member for answering the questionnaire; and (8)picking up the questionnaire or checking back with the family to see if the questionnaires had been mailed to the research project.

The interviewers went out separately, usually in the late afternoon or shortly after the dinner hour when families tended to be home. Questionnaires were left with the families for three days. Questionnaires were picked up by the interviewers in the urban and small town areas. The

questionnaires were mailed to the researchers by the families in the rural area.

A total of 701 households were contacted in order to acquire an adequate sample. Questionnaires were returned from 139 households. Of the 139 households, thirty two families were disqualified from the study for various reasons. There were 19 families where the oldest child in the house was over 12 years and 12 months old. There were five families where there were children of one or both of the parents not living in the house who were over 12 years and 12 months. Fxamination of data, indicated that eight families colluded on their answers. Collusion was determined if the handwriting and answers on spouse's questionnaires were identical. Questions 19 and 42 on the adult questionnaire were checked for collusion as they involved handwriting.

Profile of the Sample

The sample consisted of 107 wives, husbands and children. For the purposes of this study, only the adult responses were addressed. Husband and wife responses are each analyzed.

Demographic Variables

Some basic demographic characteristics of the sample families are presented in table format.

The distribution of families by residency is described in Table 1.

TABLE 1. RESIDENCY OF FAMILIES

Residency	N	%
Urban	32	29.9
Small Town	38	35.5
Rural	37	34.6
TOTAL	107	100.0

The sample was rather evenly divided by location. The largest number of families were from the small town.

Table 2 illustrates a breakdown of the adult sample by race.

TABLE 2. RACE OF HUSBANDS AND WIVES

	Husband		Wife	
Race	N	%	N	%
Caucasian	94	87.9	95	88.8
Black	10	9.3	7	6.5
Mexican-American	2	1.9	3	2.8
Indian	1	.9	2	1.9
TOTAL	107	100.0	107	100.0

A sizable majority of the sample were Caucasian. The next largest racial group was Black, however the number in this group was considerably smaller. According to the U.S. Bureau of Census, 1980, approximately 88% of the people who resided in Ingham County were Caucasian and 7.7% were black. A comparison of the sample population with the Census figures shows the sample represents a fairly accurate distribution of Ingham County residents by race.

More than half of both the husbands and wives were in the age group 30 - 35 years. The overall male sample was a bit older with 83.2% of the husbands over 30 years as compared to only 73.8% of the women who were over 30 years. The husbands' ages ranged from 24 - 50 years and the wives' ages ranged from 22 - 42 years. In 1980, the median age in Ingham County was 25.3 (U.S Bureau of the Census, 1980). See Table 3.

TABLE 3. AGE OF HUSBANDS AND WIVES

	Husband		Wife	
Age	N	%	N	%
Under 30 years	18	16.8	28	26.2
30 - 35	58	54.2	59	55.1
Over 35	31	29.0	20	18.7
TOTAL	107	100.0	107	100.0

Almost 90% of the families in the sample had at least two children, in fact, 41.1% had three or more.

TABLE 4. FAMILY SIZE

Family Size	N	%
Three	11	10.3
Four	52	48.6
Five or more	44	41.1
TOTAL	107	100.0

Socioeconomic Variables

The range of annual family gross incomes for the sample is shown in Table 5. It should be noted that one family chose not to report their income, therefore the breakdown of families by income includes only 106 families. Families by income are evenly distributed between the four income classifications. The largest number of families had family incomes of $30,000 or more, and the second largest number of families had incomes between $20,000 - $24,999 or $25,000 - $29,999. Almost three fourths of the sample had gross incomes of less than $30,000.

TABLE 5. TOTAL FAMILY GROSS INCOME AS REPORTED BY HUSBAND - 1979

Income	N	%
Under $20,000	24	22.6
$20,000 - $24,999	27	25.5
$25,000 - $29,999	27	25.5
$30,000 - more	28	26.4
TOTAL	106	100.0

Educational attainments of husbands and wives are shown in Table 6. The largest group of both husbands and wives had a high school education or less. Slightly more than three-fourths (78.5%) of the wives had less than a college education as compared to nearly two-thirds of the husbands(64.5%). Fourteen percent more husbands than wives attained at least a college education.

TABLE 6. EDUCATIONAL ATTAINMENT

	Husband		Wife	
Highest Level of Schooling	N	%	N	%
High school or less	42	39.3	48	44.9
Less than 4 yrs. of college	27	25.2	36	33.6
4 yrs.of college or more	38	35.5	23	21.5
TOTAL	107	100.0	107	100.0

Slightly more than half (52.3%) of the families in the sample had one primary breadwinner. (See Table 7). Both adults in three of the sample families were unemployed at the time of data collection.

TABLE 7. FAMILY EMPLOYMENT STATUS

Classification	N	%
Single-earner family	56	52.3
Dual-earner family	48	44.9
Both unemployed	3	2.8
TOTAL	107	100.0

Classification of home ownership status is listed in Table 8. More than nine-tenths of the families owned or were buying their own dwelling.

TABLE 8. HOME OWNERSHIP STATUS

Classification	N	%
Own or Buying	100	93.5
Rent	6	5.6
Other	1	.9
TOTAL	107	100.0

Instrumentation

A questionnaire was developed to incorporate the common objectives of the directors of the "Household Contributions to Family Income" study. Questions were developed to address the following questions:

1. To what extent are there different levels of intensity of involvement in household production activities that produce real income between rural, small town, and urban young families?
2. To what extent are there different levels of intensity of involvement in household production activities between family types? i.e. two parent single earner and dual earner families with young children.

Household production questionnaire items were developed by the project staff. Questions on quality of life were adapted from the work of Andrews and Withey (1976). Demographic questions were taken from the Quality of Life Research Project by the Departments of Human Environment and Design and Family and Child Ecology at Michigan State University and the Department of Clothing

and Textiles, University of Minnesota.[2]

Pretesting of the questionnaire was conducted by the members of the project staff. Families within Ingham County not included in the sample areas, participated in the pretest. Minor modifications to the questionnaire resulted. For specific questions used in this study, see Appendix.

The questionnaire was approved by the Michigan State University Committee on Research Involving Human Subjects. Written informed consent for use of the data was obtained from all respondents.

Operationalization of Variables

The following variables with their operational definition were used in the analysis.

Dependent Variables

Level of Management.--In studying the behavior of the investor in the capital market, Barlow, et al, (1966), developed an index of investment activity. Questions regarding the frequency of transactions in the market were used in the construction of this index.

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[2]Michigan Agricultural Experiment Station Project numbers:1249 "Clothing Use and Quality of Life in Rural and Urban Communities," Dr. Ann Slocum, Director; "Families in Evolving Rural Communities," Dr. Margaret Rubolz, Director.

Minnesota Agricultural Experiment Station Project number:53-086 "Clothing Use and Quality of Life in Rural and Urban Communities," Dr. Joanne Ficher and Dr. Gloria Williams, Directors.

The index in Barlow, et al, (1966), was adapted to meet the objectives of this project. To examine how active families were in managing their savings and investments, the following questions were asked:

1. How often do you check on interest earned on savings or investments?
2. How often do you move funds from a lower to a higher rate of return?
3. How often do you check the progress of your savings or investments?

The information obtained from these questions was then used to determine how families manage savings and investments. According to their response, husbands and wives were allotted points as follows:

	Number of points
Never	1
About once a year	2
About 6 times a year	3
About once a month	4
About once a week	5

Points for all three questions were combined to give each respondent their management level. The maximum score possible was 15 points.

Level of Risk.--Based on a classification system developed by Friend and Blume (1975), and Cohn et al., the following list of twenty four savings and investment instruments were categorized as either risk free, moderately risky or risky.

RISK FREE ASSETS

Savings Account
Christmas Club
U.S. Savings Bonds
Certificates of Deposit
Money Market Certificates
Treasury Notes or Bonds
Cash Value Life Insurance
Single Premium Annuities
Endowment or Annuity Life Insurance
Profit Sharing through Employer
Tax Deferred Pension Plan

MODERATELY RISKY ASSETS

Money Market Funds
Corporate Bonds
Municipal Bonds
Individual Retirement Account (IRA) or Keogh Plan

RISKY ASSETS

Common Stock
Mutual Funds
Commodities
Vacant or Farm Land
Buildings for Lease or Rent
Gold, Silver or Diamonds
Art or Antiques
Collections such as Coins or Stamps
Stock Option Plan through Employer

This classifications system assumes the definition of risk as the possibility of losing one's initial investment. Admittedly, this system does not take into account the effects of unanticipated inflation on investment capital.

Both husbands and wives were asked to designate which of the above savings and investment instruments they owned. For each risk free asset that was owned the respondent was assigned one point, for each moderately risky asset they were assigned 3 points and for each risky asset, the respondent was given 6 points. All points were

totaled to determine how risky were the asset holdings of each family. The range for portfolio level of risk was between 0 and 77.

Independent Variables

The independent variables included in this study were these demographic and socioeconomic characteristics: residency, age, educational attainment, family income, family employment status, family size and home ownership status. For the purposes of this study, the data were classified into the following categories:

Residency of Families

1. Urban
2. Small Town
3. Rural

Age of Wife/Husband

1. Under 30 years
2. 30 - 35
3. Over 35

Educational Attainment of Wife/Husband

1. High school or less
2. Less than four years of college
3. Four years of college or more

Total Family Gross Income - 1979

1. Under $20,000
2. $20,000 - $24,999
3. $25,000 - $29,999
4. $30,000 - more

Family Employment Status

1. Single-earner family
2. Dual-earner family
3. Both unemployed

Family Size

1. Three
2. Four
3. Five or more

Home Ownership Status

1. Own or buying
2. Rent
3. Other

Analysis of Data

Both descriptive and inferential statistics were used in the analyses of these data. The descriptive statistics were primarily percentages and frequencies of the occurrance of behavioral events. Analysis of variance (ANOVA), an inferential statistic was employed to determine whether there were any significant relationships between the degree of risk in the assets owned and respondents' management activity level and selected demographic characteristics. This technique assesses the effects of one or more categorical independent variable, measured at any level upon a continuous dependent variable, generally assumed to be measured at an interval level (Nie, et al., 1975). It tests for the statistical significant differences between means of the independent variable categories. When appropriate, the T-test was also used to determine whether there was a significant difference between sample means. The .05 level of significance was used to reveal definite trends for both the ANOVA and T-test.

Computer Programs

The Control Data Corporation 7000 model computer was used to perform all the analyses. The programs to compute the statistics were available through the 8.0 version of the Statistical Package for the Social Sciences (Nie, et al., 1975). All of the computations were implemented at the Michigan State Computer Laboratory.

CHAPTER IV

RESULTS OF DATA ANALYSIS

Results of the data analyses are reported in relation to three research questions and are presented under the following section headings:

I. What is the financial decision situation of young Michigan families; perceptions, reasons for saving and investing, and asset ownership?

II. What is the involvement of young Michigan husbands and wives in investment decisions?

III. How do young Michigan families manage their savings and investments?

Research Question I: What is the financial situation of young Michigan families; perceptions, reasons for saving and investing, and asset ownership?

Family Financial Perceptions

To identify how young families perceive their financial situation, husbands and wives were asked questions about their quality of life. Specifically, they were asked "How do you feel about how secure you are financially?" and "How do you feel about your total family income, the way it enables you and your family to live as comfortably as you would like?" Responses ranged from

terrible to delighted on a seven point Likert scale.

TABLE 9. SATISFACTION WITH FINANCIAL SECURITY

	Husband		Wife	
Perception	N	%	N	%
Terrible	8	7.5	4	3.7
Unhappy	12	11.2	8	7.5
Mostly Dissatisfied	13	12.1	12	11.2
Mixed	29	27.1	42	39.3
Mostly Satisfied	28	26.2	25	23.4
Pleased	16	15.0	11	10.3
Delighted	1	.9	5	4.7
TOTAL	107	100.0	107	100.0

Of the respondents who were asked to report their perceptions of their financial security, 42.1% of the husbands and 38.4% of the wives were satisfied to some degree with their financial security. In contrast 30.8% of the husbands and 22.4% of the wives were dissatisfied with their situation.

TABLE 10. SATISFACTION WITH TOTAL FAMILY INCOME

	Husband		Wife	
Perception	N	%	N	%
Terrible	5	4.7	1	.9
Unhappy	8	7.5	3	2.8
Mostly Dissatisfied	14	13.1	9	8.4
Mixed	33	30.8	35	32.7
Mostly Satisfied	29	27.1	36	33.6
Pleased	16	15.0	18	16.8
Delighted	2	1.9	5	4.7
TOTAL	107	100.0	107	100.0

When asked about their perception of their satisfaction with total family income, 44.0% of the husbands and 54.1% of the wives were at least somewhat satisfied, while 25.3% of the husbands and 13.1% of the wives were dissatisfied to some extent.

TABLE 11. FUTURE FINANCIAL EXPECTATIONS

	Husband		Wife	
Expectation	N	%	N	%
Get Worse	35	32.7	24	22.4
Stay About the Same	49	45.8	62	57.9
Get Better	23	21.5	21	19.6
TOTAL	107	100.0	107	100.0

Both spouses were asked to report whether they expected their future financial situation to get worse, stay the same or get better. The most often reported

response was that they expected their financial future to stay about the same.

A paired T-test was performed to determine whether there were any differences between spouses in regard to their perceived satisfaction with family financial security, family income and future financial expectations. There was no significant difference between husband and wives responses for their satisfaction with family financial security and future financial expectations. In contrast however, the wives were significantly more satisfied (at .01 level) with their total family income than were their husbands. On a 7 point scale, (terrible = 1 ; delighted = 7) the wives' had a mean score of 4.64 and the husbands' score was 4.21.

TABLE 12. PAIRED T-TEST FOR DIFFERENCES AMONG HUSBANDS' AND WIVES' FINANCIAL PERCEPTIONS

Spouse	Mean	SD	Probability
Financial Security			.145
Husband	4.02	1.49	
Wife	4.21	1.34	
Total Family Income			.001*
Husband	4.21	1.37	
Wife	4.64	1.14	
Future Expectations			.274
Husband	1.89	.73	
Wife	1.97	.65	

*Significant level: $p<.01$
N = 107

Reasons Why Families Save or Invest their Income

An open ended question was used to determine the major reasons why spouses save or invest. All responses clustered into the following categories: security, emergencies, retirement, education, major purchase, vacation, house, legacy. In total, there were 167 responses listed by husbands and 216 responses by wives.

The reason for saving and investing most frequently mentioned by both husbands and wives was to provide security for their family. In fact, more than half of the spouses listed security as a major reason for saving. The second most reported reason was saving for future emergencies.

TABLE 13. MAJOR REASONS FOR SAVING AND INVESTING

	Husband		Wife	
Reasons	N	%	N	%
Security	58	54.2	59	55.1
Emergency	31	29.0	40	37.4
Retirement	17	15.9	24	22.4
Education	17	15.9	24	22.4
Major Purchase	14	13.1	28	26.2
Vacation	14	13.1	16	15.0
House	8	7.5	17	15.9
Legacy	4	3.7	7	6.5

Ownership of Savings and Investments

To determine what savings and investments young families were using, a list of 24 popular (in 1980) savings and investment instruments was prepared by the project directors. The listing included not only financial securities but some other assets such as real estate and collectables. Table 14 shows the extent of family ownership of the different assets as reported by each spouse. This may explain the incongruence between husbands and wives answers. Homeownership is also presented in this table, thus in all 25 types of assets were examined.

TABLE 14. FAMILY OWNERSHIP OF SELECTED ASSETS

	As Reported by Husband		Wife	
Asset	N	%	N	%
Homes	100	93.5	100	93.5
Savings/Share Account	96	89.7	99	92.5
Cash Value Life Insurance	52	48.6	54	50.5
U.S. Savings Bonds	31	29.0	33	30.8
Tax Deferred Pension Plan	30	28.0	18	16.8
Christmas Club	26	24.3	24	22.4
Endowment/Annuity Life Ins.	25	23.4	21	19.6
Collections/Coins/Stamps	19	17.8	24	22.4
Common Stock	18	16.8	17	15.9
Art or Antiques	14	13.1	17	15.9
IRA or Keogh	12	11.2	8	7.5
Gold, Silver or Diamonds	12	11.2	17	15.9
Certificates of Deposit	11	10.3	9	8.4
Money Market Certificates	11	10.3	12	11.2
Profit Sharing through Employer	10	9.3	8	7.5
Vacant or Farm Land	10	9.3	13	12.1
Stock Option Plan through Employer	10	9.3	5	4.7
Mutual Funds	5	4.7	7	6.5
Buildings for Lease or Rent	5	4.7	4	3.7
Single Premium Annuities	3	2.8	4	3.7
Commodities	3	2.8	2	1.9
Treasury Notes or Bonds	2	1.9	4	3.7
Money Market Funds	1	.9	1	.9
Corporate Bonds	1	.9	-	-
Municipal Bonds	1	.9	2	1.9

The asset most often owned by the respondents was their own home (93.5%). Other savings and investment media used by the majority of families included savings/share accounts, U.S. Savings Bonds, and cash value life insurance. The majority of families seem to have selected very traditional, low risk savings and investment media for a portion of their assets.

Research Question II: What is the involvement of young Michigan husbands and wives in investment decisions?

Delegation of Responsibility

To identify who is involved in making investment decisions, husbands and wives were asked if "savings and investment decisions were made alone, with the spouse or by the family together." It was found that the majority of husbands and wives work with their spouse on making savings and investment decisions (H = 77.9%, W = 93.0%). The remainder of the spouses reported that they made savings and investment decisions by themselves or as a family. It is interesting to note however, that 11.4% more husbands than wives reported that they made savings and investment decisions alone.

TABLE 15. RESPONSIBILITY FOR SAVING AND INVESTING DFCISIONS

	Husband		Wife	
Management Pesponsibility	N	%	N	%
With Spouse	81	77.9	93	93.0
By Self	15	14.4	3	3.0
Family Fffort	8	7.7	4	4.0
TOTAL	104	100.0	100	100.0

When respondents were asked "Who puts the most time and effort into the savings and investment decisions", 51.0% of husbands and 45.6% of the wives said that equal time and effort was made by both spouses in preparing for

savings and investing decisions. However, when time and effort was put in on an individual basis both husbands and wives agreed that it was usually the husband who put the most time and effort in preparation for decision making.

TABLE 16. TIME AND EFFORT IN PREPARATION FOR DECISION MAKING

	Husband		Wife	
Management Effort	N	%	N	%
Equal Effort	53	51.0	47	45.6
Mostly Self	38	36.5	16	15.5
Mostly Spouse	13	12.5	40	38.8
TOTAL	104	100.0	103	100.0

The majority of husbands perceived themselves as somewhat capable of making saving and investing decisions, as did a slight majority of the wives. Forty three percent of the wives perceived themselves as either not capable or not very capable in making saving and investing decisions as compared to 18.9 % of the husbands. (See Table 17)

TABLE 17. CAPABILITY OF MAKING SAVING AND INVESTING DECISIONS

	Husband		Wife	
Management Capability	N	%	N	%
Not Capable	2	1.9	9	8.4
Not Very Capable	18	17.0	37	34.6
Somewhat Capable	62	58.5	48	44.9
Very Capable	24	22.6	13	12.1
TOTAL	106	100.0	107	100.0

Information Sources

Respondents were asked whether they did any preparation before making saving or investing decisions. More than half (53.3%) of the husbands stated that they made an effort to prepare for these decisions, as compared to only 45.8 % of the wives. Those respondents who did prepare before making saving and investing decisions, gathered information most often using the following methods: consulting with friends or relatives, comparison shopping for rates, and written publications.

TABLE 18. INFORMATION SOURCES FOR DECISION MAKING

	Husband		Wife	
Sources	N	%	N	%
Consult with Friends or Relatives	42	39.3	36	33.6
Comparison Shop for Rates	40	37.4	39	36.4
Publications	33	30.8	26	24.3
Professional Consultant	20	18.7	15	14.0
Class/Lecture	4	3.7	6	5.6
Investment or Coin Club	-	-	1	.9

Research Question III: How do young Michigan families manage their savings and investments?

Degree of Risk

Friend and Blume (1975), and Cohn et al., developed classification systems which categorized various savings and investment instruments as either risk free, moderately risky or risky. Those systems were adapted to rank the risk of the assets held by the families. See Chapter III for a breakdown of the assets by their level of risk.

Both husbands and wives were asked to indicate from a given list, what assets their family held at that time. For each risk free asset that was owned the respondent was assigned one point, for each moderately risky asset they were assigned 3 points and for each risky asset, the respondent was given 6 points. All points were totaled to determine the level of risk of asset holdings. Degree of risk ranged from no risk (0) to very high risk (77).

Respondents were determined to have a low risk score if they had 0 to 26 points, medium risk with 27 to 52 points and high risk if between 53 and 77 points. See table 19. All but three husbands and three wives had asset holdings that were low risk and no respondents had a high risk score.

TABLE 19. DEGREE OF RISK

	Husband		Wife	
Risk	N=107	%	N=107	%
Low	104	97.2	104	97.2
Medium	3	2.8	3	2.8
High	-	-	-	-

Although nearly all families held low risk assets an analysis of variance test was used to determine whether the following variables: residency, family size, age, education, income and employment status was significantly related to the riskiness of assets owned. The means and standard deviations of degree of risk scores based on residency, family size and age are presented in Table 20. It should be noted that even though there are some differences in mean scores, all means are still very low risk.

When the sample was broken down by residency there was found to be no significant difference in the degree of risk, although the husbands and wives in the urban sample had the lowest mean scores, while the small town residents had the highest. The relationship between degree of risk

and age, showed a significant difference between age groups for the wives. Those respondents who were over 35 years of age had higher mean scores than those 35 and younger. When the family size variable and degree of risk were examined together, no significant difference was noted between different family sizes. However those respondents who were from families with only one child had a higher degree of risk than those from larger families.

TABLE 20. MEANS AND STANDARD DEVIATIONS OF DEGREE OF RISK SCORES BASED ON RESIDENCY, FAMILY SIZE, AGE

	Husband			Wife		
	Mean	SD	N	Mean	SD	N
RESIDENCY						
Urban	6.38	7.29	32	7.06	8.66	32
Small Town	10.18	8.54	38	10.87	8.19	38
Rural	8.84	7.52	37	8.54	6.37	37
AGE				*		
Under 30 years	8.00	7.15	18	8.36	7.43	28
30 - 35	7.36	6.97	58	7.54	6.86	59
Over 35	11.19	9.48	31	13.80	9.50	20
FAMILY SIZE						
Three members	9.45	9.99	11	9.18	11.29	11
Four members	7.29	6.90	52	9.06	7.75	52
Five or more members	9.14	8.59	44	8.70	7.13	44

*Significant level: $p<.05$

Table 21 summarizes the results of the analysis of variance of education, gross income and employment status in regard to their relationship to the degree of respondent's portfolio risk. The respondents were

classified as either having a high school education or less, less than four years of college or four years of college or more. Both husbands and wives with four years of college or more had the highest mean score than did the respondents with a lower level of schooling. There was a statistically significant difference at the .05 level for both husbands and wives.

Regarding income, not only did the respondents in the $25,000 - $29,000 bracket have the highest management activity level score but they also had the highest risk score. In contrast, the lowest degree of risk score was found to be in families with incomes less than $20,000. In dual income families, husbands and wives had a higher degree of risk than did those respondents of families with a single income earner. There was a significant difference for the wives at the .05 level.

TABLE 21. MEANS AND STANDARD DEVIATIONS OF DEGREE OF RISK SCORES BASED ON EDUCATION, INCOME, EMPLOYMENT STATUS

	Husband			Wife		
	Mean	SD	N	Mean	SD	N
EDUCATION	*			*		
High school or less	5.95	5.85	42	8.06	7.76	48
Less than four years of college	9.52	9.90	27	7.33	6.64	36
Four years of college or more	10.82	7.70	38	13.22	5.56	23
GROSS INCOME						
Under $20,000	5.96	6.51	24	8.54	7.54	24
$20,000 - $24,999	9.04	9.32	27	8.78	8.28	27
$25,000 - $29,999	10.04	7.30	27	9.52	7.03	27
$30,000 or more	9.25	7.98	28	9.11	8.77	28
EMPLOYMENT STATUS				*		
Single-earner family	8.28	8.10	56	7.91	7.18	56
Dual-earner family	9.31	7.83	48	10.60	8.40	48

*Significant level: $p<.05$

Management of Savings and Investments

To examine how active families were in managing their savings and investments, the following questions were asked;

1. How often do you check the progress of your savings or investments?
2. How often do you check on interest earned on savings or investments?
3. How often do you move funds from a lower to a higher rate of return?

The information obtained from these questions was

then used to determine how families manage savings and investments. According to their response, husbands and wives were allotted points as follows:

	Number of points
Never	1
About once a year	2
About 6 times a year	3
About once a month	4
About once a week	5

Points for all three questions were combined to give each respondent their management level. The maximum score possible was 15 points. The majority of husbands and wives fell into the medium range of this index (6 - 10 points). Less than 4% of respondents managed their assets with a high level of activity.

Although more than 40% of all respondents said that they checked interest earned on assets and checked the progress of assets at least six times a year or more, less than 5% reported that they moved funds to receive higher rates at the same level of frequency (See table 22).

TABLE 22. MANAGEMENT OF SAVINGS AND INVESTMENTS

	Husband		Wife	
	N	%	N	%
Check Progress				
Never	28	26.2	28	26.7
Once A Year	26	25.0	32	30.5
Six Times Per Year	22	21.2	19	18.1
Once A Month	23	22.1	20	19.0
Once A Week	5	4.8	6	5.7
TOTAL	104	100.0	105	100.0
Check Interest				
Never	15	14.2	18	17.1
Once A Year	35	33.3	32	30.5
Six Times Per Year	33	31.4	34	32.4
Once A Month	22	21.0	20	19.0
Once A Week	-	-	1	1.0
TOTAL	105	100.0	105	100.0
Move Funds				
Never	70	67.3	81	78.6
Once A Year	29	27.9	17	16.5
Six Times Per Year	4	3.8	3	2.9
Once A Month	1	1.0	1	1.0
Once A Week	-	-	1	1.0
TOTAL	104	100.0	103	100.0
Management Activity Level				
Low	42	40.0	43	41.0
Medium	59	56.2	59	56.2
High	4	3.8	3	3.9
TOTAL	105	100.0	105	100.0

To explore the relationship between management activity level and the following demographic variables: residency, family size, age, education, income and employment status, an analysis of variance test was implemented. The means and standard deviations for residency, family size and age are presented in Table 23.

There was no significant difference found in the management activity level of respondents located in the three geographic areas of the sample, although the husbands and wives in the urban sample had the lowest mean scores. When examining the relationship between management activity level and age, no significant difference was noted between age groups. Those respondents who were under 30 years of age, however did have higher mean scores than those 30 or over. The family size variable also appeared to have no significant effect on the management activity score of respondents.

TABLE 23. MEANS AND STANDARD DEVIATIONS OF MANAGEMENT ACTIVITY LEVEL SCORES BASED ON RESIDENCY, FAMILY SIZE, AGE

	Husband			Wife		
	Mean	SD	N	Mean	SD	N
RESIDENCY						
Urban	6.00	2.42	32	6.09	2.25	32
Small Town	6.66	2.07	38	6.30	2.25	37
Rural	6.68	2.55	35	6.47	2.36	36
AGE						
Under 30 years	6.56	3.09	18	6.68	2.04	28
30 - 35	6.46	2.12	57	6.00	1.95	57
Over 35	6.43	2.33	30	6.60	3.23	20
FAMILY SIZE						
Three members	6.91	2.91	11	6.09	2.21	11
Four members	6.37	2.33	51	6.27	2.31	51
Five or more members	6.46	2.25	43	6.37	2.29	43

Listed in Table 24 are the means and standard deviations of management activity level for education, income and employment status. Although no significant difference was noted between respondents with varied educational backgrounds, both husbands and wives with a high school education or less had a lower management level mean score than did the respondents with a higher level of schooling. The sample was classified into four income categories. Spouses with the highest management activity level score were from families with gross incomes between $25,000 - $29,999. In contrast, the lowest management activity level score was found to be in families with income ranging between $20,000 - $24,999. In families where both

spouses earned an income husbands and wives had higher management activity level scores than did those respondents of families with only one income earner.

TABLE 24. MEANS AND STANDARD DEVIATIONS OF MANAGEMENT ACTIVITY LEVEL SCORES BASED ON EDUCATION, INCOME, EMPLOYMENT STATUS

	Husband			Wife		
	Mean	SD	N	Mean	SD	N
EDUCATION						
High school or less	6.10	2.57	41	5.85	1.98	47
Less than four years of college	6.96	2.17	27	6.64	2.42	36
Four years of college or more	6.51	2.19	37	6.68	2.53	22
GROSS INCOME						
Under $20,000	6.26	2.72	23	6.35	2.84	23
$20,000 - $24,999	6.15	1.83	27	5.89	1.60	27
$25,000 - $29,999	6.89	2.31	27	6.69	1.93	26
$30,000 and more	6.41	2.50	27	6.39	2.57	28
EMPLOYMENT STATUS						
Single-earner family	6.18	2.60	55	5.95	2.51	55
Dual-earner family	6.91	2.00	47	6.77	1.88	47

CHAPTER V

SUMMARY, CONCLUSIONS AND IMPLICATIONS

Overview of the Study

The purpose of this study was to describe the saving and investing practices of young Michigan families. It was part of a larger research project sponsored by the Michigan Agricultural Experiment Station Research Project (AES 1363H), the College of Human Ecology (Human Ecology Research Initiation Grant) and the Department of Family and Child Ecology at Michigan State University, and the Michigan Cooperative Extension Service. The larger study, entitled "Household Contributions to Family Income" is a descriptive study aimed at identifying involvement in household production of urban, rural and small town families in Mid-Michigan. A random sample of 107 young families whose oldest child was between the ages of 6 and 12 responded to an interview and self-administered questionnaire. Data were collected from the male and female adults and the oldest child to determine the degree of involvement of each in household production and their perceived satisfaction with family life. Data were collected during Spring, 1980.

This study focused on the husbands' and wives'

responses to selected questions related to saving and investing. The respondents were in the child rearing stages of the family life cycle. Men ranged in age from 24 to 50 with an average age of 33.8. Women were slightly younger ranging from 22 to 42 with an average age of 31.9.

All families were comprised of a mother, father and at least one child. Nearly half of the families had two children. Slightly more than 97% of the families had at least one spouse employed at the time of this study, while 45% of the families were dual earners. In general, the incomes were in the middle range with the mean income between $20,000 and $24,999.

Discussion of Findings

Discussion of the results of data analysis is organized around three research questions.

Research Question I: What is the financial situation of young Michigan families; perceptions, reasons for saving and investing, and asset ownership?

Families were not highly satisfied or dissatisfied with their financial situation. Respondents were more or less mixed about their feelings toward their family income and family financial security and most expected their future financial situation to remain the same. In comparison with the Quality of Life Study which was conducted in Oakland County, Michigan (Sontag, et. al, 1979) this sample was slightly more pessimistic and considerably more

mixed about their perceptions regarding income and financial security. This may be a reflection of the uncertain economic conditions during the time of data collection. In the summer of 1980 there was a 12.6% unemployment rate in Ingham County and a 14% unemployment rate statewide (Michigan Employment Security Commission, 1980).

The major reasons why young families save and invest their income are for security and emergencies. This is supported by Katona (1960) who found that the major reason families save is to accumulate a reserve fund against unforseen contingencies.

Young families hold very traditional, low risk savings and investments such as savings and share accounts, cash value life insurance and U.S. Savings Bonds. Williams and Manning (1972) found that families usually establish a foundation for their net worth position by accumulating assets such as cash value life insurance and interest bearing savings accounts as well as automobiles and household equipment, before they go on to items of greater risk.

The advisability of investing in cash value life insurance has been questioned as sound financial strategy. The rate of return on the savings portion of a cash value policy is considerably less than other alternatives. The premiums for the insurance portion are quite high in comparison to other forms of life insurance coverage. Adequate coverage is a real concern for families with young

children. Several financial consultants recommend term insurance as the appropriate choice for families at this stage in the life cycle since the initial outlay for premiums is more affordable than that for cash value life. (Consumer Reports, 1980; Hunt, 1981; Van Caspel, 1980.). Yet it is apparent from the results of this study that insurance continues to be "sold and not bought."

Many young families have made the choice to invest in their homes. A question arises as to whether a home should be considered an investment. Friend and Blume (1975), contend that households obtain homes for consumption as well as investment purposes. Several young families reported that they held investments such as art, antiques, gold, silver or diamonds. A possible explanation could be that they too were using them for consumption purposes, ie. wedding rings and other jewelry or collecting art and antiques as a hobby. The consumption of durable goods seems to be highly related to the life cycle, especially for young families. (Bymers and Galenson, 1968)

During the first half of 1980, the personal saving rate was at a historically low level (Carrado and Steindel, 1980). This could be a reflection of our volatile economic circumstances. The data were collected on the horizon of deregulation of the banking industry. Few individual retirement accounts or small saver certificates were offered to the general public. Perhaps the

reason why these families had little variety in their investment portfolios could be that they were waiting to see what affects deregulation would have on their personal financial situation.

Research Question II: What is the involvement of young Michigan husbands and wives in investment decisions?

Most husbands and wives say that they put equal amounts of time and effort into saving and investing decisions. However in families where only one spouse was involved, it usually was the husband who handled these matters. This is supported by Chirurg and Cairns, Inc.,(1975) who found that influence by spouses on family savings decisions was equal. Along the same line, most young families reported that responsibility for managing savings and investments was usually delegated on an equal basis, yet when there was only one manager in a family it again was the husband who took responsibility. This may be because the wives feel less capable in making saving and investing decisions than do their husbands. According to Lewellen, et al. (1977), generally, male investors claimed to be more active in managing their investments by spending more time and money in management activities.

Young families seek very little information to assist them in managing savings and investments. If they do obtain information, the main source is usually a friend or relative. A possible explanation for the lack of use of

information on the part of young families is in the type of assets that they own. Very little information is needed to manage savings accounts or government bonds. In contrast, Barlow, et al. (1966), sampled high income individuals and found that they relied on investment publications, stockbrokers, bank officials and other qualified professionals to assist them in making saving and investing decisions. Young families may find themselves caught in a "Catch 22." For example, fewer management skills are necessary to manage the traditional types of assets that they own, therefore less information is sought. However, if sound information was obtained, they may realize that their investment strategy could be improved, resulting in a need for better management skills, thus a need for more information. Barlow et al. (1966), found that active investors tended to be generally more informed.

Research Question III: How do young Michigan families manage their savings and investments?

Young families hold assets that are very low risk. However, those respondents with higher levels of education tended to choose assets with greater risk. Those with higher educations as well as higher incomes are more likely to take greater risks according to Blume and Friend, (1975). Evans, (1981) reported that the majority of total personal saving in the United States is done by those who have at least a college education.

According to Barlow, et al., (1966) the most influential factor in determining market activity is the number of assets owned. Given the fact that young families are low risk takers, and hold relatively few assets it may be assumed that their savings and investments need very little or no management.

Limitations

Most of the limitations of the study are determined by the sample studied. The families within the study are all at one stage of the life cycle and live within close proximity of each other in Mid-Michigan. This group had fairly homogenious demographic characteristics such as similar incomes, family sizes and age of children. As a result there were very few differences in saving and investing patterns when analyzed by these characteristics. The results of this study were not intended to be generalized to the population as a whole, however, they can serve as a basis for financial education program development geared toward young families with similar characteristics.

Implications of the Study

The implications for educational programs and recommendations for further research will be discussed in this section.

Fducational Programs

The rate of inflation and unemployment has had an affect on the way families need to plan their saving and investment strategies. Because of the rising cost of living, old attitudes and beliefs regarding family financial planning need to be reevaluated. Many families have grown up watching their parents invest in assets and hold on to them for 20 or 30 years. Unfortunately the economic climate is no longer as stable as it used to be. Now investors must keep up with new options that are rapidly entering the financial arena. They need to be prepared to make prudent changes when conditions warrant. Financial management is a constant decision making process. There is a need for family members, especially the women, to know more about examining resources and obtaining financial information. Females reported that they felt less capable in making saving and investing decisions. The changing nature of the family structure, ie. the increase in the number of single parent families, dictates the necessity of both husbands and wives to feel confident enough to take control of their financial decisions.

This study serves as a benchmark to show where young families are in their saving and investing practices. In short, they are very traditional investors, ie., they save primarily for emergencies and security; they hold assets that are low risk which need little management; and they share responsibility in saving and investing decisions.

There is a need for family financial education if these families are to progress toward more efficient and higher levels of financial management. Very few young families take classes or attend lectures to obtain information regarding saving and investing. In fact, consulting with friends or relatives is the mode most often utilized to obtain information. Results of this study can serve as a challenge to family financial counselors and educators.

According to Katona (1974), saving is habitual and those who saved in the past are more likely to save in the future. Therefore if people develop financial management skills in their youth, they may carry these practices throughout the life cycle thus maintaining their financial security and improving their quality of life. As children enter the formal education system, they need to be taught about money management. This serves as a strong implication for teachers at all educational levels.

Parents also need to be included in teaching their children good money mangement skills. However, if adults are not informed in this area it is difficult for them to pass these skills on to their children. It is apparent from this study that most families are not seeking reliable information regarding saving and investing. Therefore non-formal educational agencies such as the Cooperative Extension Service have a significant role to play. Extension needs to provide money management programs that will encourage people to want to seek information and be

ready with materials. Not only should programming efforts be geared toward adults but also toward children. Financial education could be introduced at the 4-H level and build through the retirement years.

Family financial counselors can use these data in helping their clients. If relevant materials are developed, perhaps families can be assisted in their struggle to meet financial objectives.

Research

Since the economic environment that we live in is constantly changing, there will always be a need for further research to determine what effects environmental conditions have on the family.

Specifically, a question that researchers should address is what effect has the recent deregulation of the banking industry had on family saving and investing practices. New savings instruments such as small saver money market certificates and individual retirement accounts can offer young families a realistic alternative to the more traditional, low yield savings options. With the recent effects that inflation has had on investment return it would be interesting to see if young families are breaking out of their old saving routines and taking advantage of these new options. Research on methodology for measuring risk and how risk effects changes over the life cycle may provide information that may help families cope more

effectively with economic uncertainty.

The role of social change and technological improvements may have an effect on the family economic situation. Has the dramatic movement of women into the work force had an effect on the way family members perceive their roles and responsibilities, especially in the area of financial management? Much of the past literature focused on family financial management practices as reported by one family member. This study has been unique from past research by examining the responses of both husband and wife. Several differences were noted in their responses. Further research is needed for a better understanding of the differences between male and female peceptions and practices in financial management.

Some sectors of the public have learned to accept electronic fund transfers and continued growth in the computer industry has made the micro computer accessible to some families. Are families using the micro computer as a financial management tool? If they are, who is developing the software? Is the software accurate and reliable? Should computer communication networks be utilized in getting financial information to the public?

As a result of a rapidly changing environment, financial educators may need to restructure programming efforts. There is a need for research on intervention strategies to evaluate whether programming offered by extension, financial advisors, credit counselors and the

media have had a positive impact on families' behavior and attitudes.

Questions raised in this study could be addressed to other families at different stages of the life cycle. Large additions to savings and reserve funds seem to prevail only among middle aged families with substantial incomes and large amounts of assets (Katona,1980). Although the same environmental characteristics cannot be duplicated it would be interesting to do a comparative study of middle aged families where the children have recently left the nest. Based on the economic life cycle, these families would have more financial resources to allocate to a saving and investing program and can withstand greater amounts of risk. There is also a need for a longitudinal study to examine how families adapt to change over the life cycle.

APPENDIX

INSTRUMFNT

The appendix includes the specific questions that were examined in this study. The questions were pulled from the "Contributions of Household Production to Family Income" project survey instrument. For further details of the survey instrument contact the Department of Family and Child Fcology, 107 Human Fcology, Michigan State University, East Lansing, MI 48824.

GENERAL DIRECTIONS

Please read the directions at the beginning of each section before answering the questions. It is very important that you answer each question as carefully and as accurately as you can. Be sure to respond to all the question on both front and back of each page. You, your spouse and your oldest child are asked to complete separate questionnaires. Please do not discuss your answers before all of you have finished the entire questionnaire. When you have completed the questionnaire, return it to the manila envelope provided.

YOUR FEELINGS ABOUT LIFE CONCERNS

In this section of the questionnaire, we want to find out how you feel about various parts of your life. Please include the feelings you have now--taking into account what has happened in the last year and what you expect in the near future.

All of the items can be answered by simply writing on the line to the left of each question one of the following numbers to indicate how you feel. For example write in "1" for terrible, "4" if you have mixed feelings about some question (that is, you are about equally satisfied and dissatisfied with some part of your life), and so forth on to "7" if you feel delighted about it.

_____How do you feel about how secure you are financially?

_____How do you feel about your total family income, the way it enables you and your family to live as comfortably as you would like?

I feel:

1. Terrible
2. Unhappy
3. Mostly Dissatisfied
4. Mixed (about equally satisfied and dissatisfied)
5. Mostly satisfied
6. Pleased
7. Delighted

In the coming year, would you say your financial situation will get worse, stay the same, or get better? CHECK ONE.

( ) Get Worse
( ) Stay about the same
( ) Get better

List the major reasons why you save or invest.

1._____
2._____
3._____
4._____

SAVING AND INVESTING

Most families save or invest some of their income to provide for things they want in the future. We are interested in how your family is saving. Please circle "1" for yes, "2" for no and "3" for don't know.

Is your family presently saving through:

	YES	NO	DON'T KNOW
Savings account/share account?	1	2	3
Christmas club?	1	2	3
U.S. Savings Bonds?	1	2	3
Certificates of Deposit (CDs)?	1	2	3
Money Market Certificates (6, 30 or 48 mo.)?	1	2	3
Money Market funds?	1	2	3
Treasury notes or bonds?	1	2	3
Corporate bonds?	1	2	3
Municipal bonds?	1	2	3
Common stock?	1	2	3
Mutual funds?	1	2	3
Cash value life insurance?	1	2	3
Endowment or annuity life insurance?	1	2	3
Single premium annuities?	1	2	3
Commodities (wheat, soybean futures)?	1	2	3
Vacant or farm Land?	1	2	3
Buildings for lease or rent (residential/commercial)?	1	2	3
Gold, silver or diamonds?	1	2	3
Art or antiques?	1	2	3
Collections such as coins or stamps?	1	2	3
Individual Retirement Account (IRA) or Keogh Plan?	1	2	3
Profit sharing plan through your employer?	1	2	3
Tax deferred pension plan through your employer?	1	2	3
Stock option plan through your employer?	1	2	3
Other, please list _____			

Did you make the savings and/or investment decisions(s):

_____by yourself?
_____with your spouse?
_____with other members of the family?

Who put the most time and effort into the savings or investment decisions in your family?

_____Mostly yourself
_____Even with spouse
_____Mostly spouse

How capable do you feel in making savings and investment decisions?

_____Very
_____Somewhat
_____Not very
_____Not capable

Did you do any preparation before making your savings or investment decisions?

_____YES
_____NO

...If yes, did you: (check as many as apply)

_____Comparison shop for rates?
_____Read books, magazine or newspaper articles?
_____Seek advice from a financial consultant such as a banker or broker?
_____Take a class, attend a lecture?
_____Join a club that had this interest such as an investment club or coin club
_____Talk with friends or relatives

Please circle the number that best estimates how often you check on the savings and investments your family has.

How often do you:

Check the interest earned on savings or investments?

1. Never
2. About once a year
3. About 6 times a year
4. About once a month
5. About once a week

Move funds from a lower to a higher rate of return?

1. Never
2. About once a year
3. About 6 times a year
4. About once a month
5. About once a week

Check the progress of your savings or investments?

1. Never
2. About once a year
3. About 6 times a year
4. About once a month
5. About once a week

YOUR FAMILY SITUATION

This study is about how family members can increase their income. We are interested in knowing some things about you and your family.

FOR EACH QUESTION, PLACE A CHECK MARK IN THE BRACKETS ( ) OR WRITE THE ANSWER ON THE LINE PROVIDED.

What is your sex?

( )Male
( )Female

How old were you on your last birthday?

_____Age at last birthday

What is the month, day, and year of your birth?

_____ _____ _____
Month Day Year of Birth

What is your race?

( ) White
( ) Black/Negro/Afro-American
( ) Spanish origin
( ) Other _____
Please Specify

What is the highest level of formal schooling that you have completed?

Check one:

( ) Less than 8 grades of elementary school
( ) 8 grades of elementary school
( ) 1-3 year of high school
( ) Completed 4 years of high school or passed high school equivalency exam
( ) Less than 4 years of college
( ) 4 years of college
( ) 5 or more years of college

What do you estimate your total family income before taxes was in 1979? Please include income from all sources before taxes, including income from wages, property, stocks, interest, welfare, Aid to Families with Dependent Children, child support from a previous marriage, and any other money income received by you and all family members who live with you.

ESTIMATED TOTAL FAMILY YEARLY INCOME, 1979

( ) Under $3,000
( ) $3,000 - $3,999
( ) $4,000 - $4,999
( ) $5,000 - $5,999
( ) $6,000 - $6,999
( ) $7,000 - $7,999
( ) $8,000 - $9,999
( ) $10,000 - $11,999
( ) $12,000 - $14,999
( ) $15,000 - $19,999
( ) $20,000 - $24,999
( ) $25,000 - $29,999
( ) $30,000 - $34,999
( ) $35,000 - $49,999
( ) $50,000 and over

Are you presently employed, retired, or what?
CHECK AS MANY AS APPLY TO YOU.

( )Housewife or Househusband
( )Student
( )Permanently Disabled
( )Retired
( )Unemployed (That is, previously employed for pay and/OR presently looking for a job)
( )Temporarily laid off OR on strike OR on sick leave
( )Working now

Do you (or does a member or your family who lives with you) own your home, or do you rent?

( ) Own or buying
( ) Renting
( ) Other_____
Please Specify

We would like to know something about the people who live in your family. Please list in the chart below your children and other household members - their birthdate, age at last birthday, sex, and indicate by using a check mark if you are financially responsible for the support of the person.

	Date of birth no./day/yr.	Age at last birthday	Sex	Financial Support
SPOUSE				
CHILDREN BORN TO THIS MARRIAGE				
Please list in order from oldest to youngest	1.			
	2.			
	3.			
	4.			
	5.			
	6.			
	7.			
	8.			
	9.			
CHILDREN BORN TO WIFE PRIOR TO THIS MARRIAGE				
Please list in order from oldest to youngest	2.			
	3.			
	4.			
	5.			
CHILDREN BORN TO HUSBAND PRIOR TO THIS MARRIAGE				
Please list in order from oldest to youngest	1.			
	2.			
	3.			
	4.			
	5.			
ADOPTED CHILDREN NOT BORN TO FITHER SPOUSE				
Please list in order from oldest to youngest	1.			
	2.			
	3.			
	4.			
	5.			

LETTER OF CONSENT

MICHIGAN STATE UNIVERSITY

College of Human Ecology East Lansing, Michigan
May, 1980

CONSENT FORM

We, the undersigned, freely consent to participate in a scientific and educational study conducted by the College of Human Ecology and The Cooperative Extension Service of Michigan State University under the supervision of Beatrice Paolucci, Irene Hathaway, and Mary Andrews.

The purposes of the project have been explained to us and we understand the explanation that has been given as well as what our participation will involve.

We understand that we are free to discontinue participation in the study at any time without penalty, or that we may withdraw the participation of our child.

We understand that the results of the study will be treated in strict confidence and that we will remain anonymous. Final results of the study will be made available to us at our request.

We understand that we may have an opportunity to participate in an educational program to increase our income-producing skills if we so desire. It is hoped that participation in these educational activities will be beneficial to us; however, we understand there is no guarantee of beneficial results.

We desire to participate in this research and consent and agree. We, as legal parents/guardians of the below named child, give our permission for the child to participate in the study to the degree to which the child desires.

Please sign your first and last names.

_____ _____
Adult Female Signature Date

_____ _____
Adult Male Signature Date

_____ _____
Child's Signature Date

_____
Address City, Town, State Zip

_____
Telephone

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