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Financial Literacy Continuing Professional Education Cognitive Needs Assessment for Florida Small Business Owners

Pearl Dahmen Para

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Financial Literacy Continuing Professional Education

Cognitive Needs Assessment

for

Florida Small Business Owners

by

Pearl J. Dahmen

A dissertation submitted in partial fulfillment
of the requirements for the degree of
Doctor of Philosophy in Curriculum and Instruction
with an emphasis in Adult Education
Department of Leadership, Counseling, Adult, Career, and Higher Education
College of Education
University of South Florida

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Dedication

This work is dedicated to a young entrepreneur with the courage to start her own business (Tropicality), my daughter, Becca Dahmen.

It takes a village to raise a Ph.D. (modified African proverb). I want to express my appreciation for the support and encouragement of my entire village: family, friends, classmates, professors, business associates, colleagues, and the myriad individuals who personally participated in my research. I would love to list everyone by name, but fear my memory may fail me. To all of them, I say, “thank you, a thousand times thank you.”

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Table of Contents

List of Tables.....	iv
List of Figures.....	vii
Abstract.....	viii
Chapter 1: Introduction.....	1
Statement of the Problem.....	4
Statement of the Purpose.....	5
Research Questions.....	6
Significance of the Study.....	6
Limitations.....	8
Definitions of Terms.....	8
List of Acronyms.....	11
Organization of the Study.....	12
Chapter 2: Literature Review.....	14
History of Financial Literacy.....	14
Current State of Financial Literacy.....	18
Global financial literacy.....	19
United States financial literacy.....	21
Jump\$tart Coalition.....	22
Health and Retirement Study (HRS).....	23
RAND American Life Panel (ALP).....	24
National Financial Capability Study (NFCS).....	25
Other financial literacy studies.....	30
President’s Advisory Council on Financial Capability.....	33
Florida financial literacy.....	34
Small business owner financial Literacy.....	36
Financial Literacy Measurement.....	39
Theoretical framework.....	39
Definitions of financial literacy.....	41
Financial knowledge.....	42
Financial capability.....	44
Divergent definitions of financial literacy.....	46
Decomposing definition of financial literacy.....	49
Model of financial literacy.....	51
Financial literacy assessment instruments.....	57
Financial literacy assessment content.....	57
<i>Big Five</i> financial literacy questions.....	59

Evaluation of assessments	62
Summary	65
Chapter 3: Methods	67
Research Design	67
Research questions	67
Variable.....	68
Population and Sample	69
Instrumentation.....	71
Instrument development	72
Instrument development steps.....	77
Final instrument	85
Data Collection	86
Field test	86
Procedures	86
Data Analysis.....	88
Content validity	89
Evidence demonstrating validity.....	89
Validation process procedures.....	93
Construct validity	93
Reliability	98
Descriptive statistics and <i>t</i> tests.....	99
Analysis of variance (ANOVA).....	99
Summary	101
Chapter 4: Findings	102
Research Questions	102
Study Participants.....	102
Response rates of participants	103
Demographic profile of respondents	104
Analysis of Research Questions.....	104
Research question 1	104
Research question 2.....	107
Research question 3.....	109
Research question 4.....	114
Research question 5.....	114
Observations	117
Chapter 5: Summary, Conclusions, Implications and Recommendations	121
Summary	121
Conclusions.....	122
Implications	124
Private business and government agencies	124
Entrepreneurship programs	124
Small Business Development Center (SBDC) stakeholders.....	125
Small Business Development Center (SBDC) consultants	125

Florida Legislature	126
Recommendations for Further Research.....	126
References	129
Appendices.....	149
Appendix A: <i>Big Five</i> Financial Literacy Survey Questions	150
Appendix B: Institutional Letter of Support	151
Appendix C: Pool of Financial Literacy Questions	152
Appendix D: Panel Members	193
Appendix E: Request for Participation to Potential Panel Members Email.....	197
Appendix F: Initial Panel Communications	198
Appendix G: Initial Panel Round 1 Online Survey	200
Appendix H: Initial Panel Round 2 Online Survey	202
Appendix I: Validation Panel Communications	281
Appendix J: Verification Panel Communication	285
Appendix K: Validation Panel Round 1 Online Survey	288
Appendix L: Self-assessment Financial Literacy Questions	330
Appendix M: Validation Panel Round 2 Online Survey.....	331
Appendix N: Verification Panel Online Survey.....	375
Appendix O: Field Test Communication	396
Appendix P: Field Test Online Survey	397
Appendix Q: Final Review Panel Email Communication	404
Appendix R: Final Review Panel Online Survey	405
Appendix S: Final Financial Literacy Instrument.....	412
Appendix T: Participant Email Communications	420
Appendix U: IRB Approval Letter.....	424
Appendix V: Summary of Sources and Permission used to Obtain Financial Literacy Question for Dissertation Study	426
About the Author.....	End Page

List of Tables

Table 1: Number of Times That Financial Literacy Definitions was Cited in Journal Articles by Author(s) Based in Google Scholar Citations.....	42
Table 2: Financial Literacy Attributes by Domain, Researcher(s) and Journal Article, Report of Dissertation.....	53
Table 3: Summary and Comparison of Financial Literacy Content Categories Defined by FLEC and FLAT	58
Table 4: Profile of Variables Related to the Conduct of the Study.....	68
Table 5: Fernandes, Lynch, and Netemeyer (2014) Correlations of Financial Literacy with Gender, Age, Education, and Self-Efficacy	70
Table 6: Fourteen Sources Used to Develop Initial Financial Literacy Question Pool Including Criteria for Selection, Number of Questions (Initial, Eliminated, and Retained) and Participant Age and Originating Country	74
Table 7: Research Process Steps to Achieve Content Validation.....	76
Table 8: Expert Panel Demographics.....	78
Table 9: Selection Criteria #2, Number of Times Researchers Were Cited.....	79
Table 10: Descriptive Statistics of Field Test.....	87
Table 11: Factor Pattern Coefficients and Communalities Based on Exploratory Factor Analysis	97
Table 12: Analysis of Dependent Variables Skewness and Kurtosis	101
Table 13: Demographic Characteristics of Respondents in the Survey	105
Table 14: Descriptive Analysis Profiling the Financial Literacy of Florida Small Business Owners	106
Table 15: Descriptive Analysis Profiling the Financial Literacy by Gender.....	108

Table 16: Descriptive Analysis Profiling the Financial Literacy by Age Group.....	109
Table 17: ANOVA Summary Table of Tested Knowledge for Age Groups.....	110
Table 18: ANOVA Summary Table of Self-assessed Knowledge for Age Groups	110
Table 19: Tukey’s Test Post Hoc Results of Self-assessed Knowledge by Age Group	111
Table 20: Descriptive Analysis Profiling the Financial Literacy by Education Level.....	112
Table 21: ANOVA Summary Table of Tested Knowledge for Education Level.....	113
Table 22: Tukey’s Test Post Hoc Results of Tested Knowledge by Education Level.....	114
Table 23: ANOVA Summary Table of Self-assessed Knowledge for Education Level	114
Table 24: Descriptive Analysis Profiling the Financial Literacy by Small Business Classification	115
Table 25: ANOVA Summary Table of Tested Knowledge for Small Business Classification	115
Table 26: Tukey’s Test Post Hoc Results of Tested Knowledge by Small Business Classification.....	116
Table 27: ANOVA Summary Table of Self-assessed Knowledge for Small Business Classification.....	117
Table 28: Tukey’s Test Post Hoc Results of Self-assessed Knowledge by Small Business Classification	117
Table C1: Initial Pool of Financial Literacy Questions for Content Validation Process	152
Table C2: Key to Pool of Financial Literacy Questions Source Codes: Source, Number (<i>n</i>), and References	191
Table D1: Initial Panel Members and Their Areas of Expertise	193
Table D2: Validation Panel Members and Their Areas of Expertise.....	195

Table D3: Verification Panel Members and Their Areas of Expertise..... 195

Table D4: Final Review Panel Members and Their Areas of Expertise 196

List of Figures

Figure 1: Financial Literacy/Capabilities Model Summarizing the Financial Literacy Attribute Relationships within Financial Capabilities	54
Figure 2: Scree Plot of Eigenvalues Depicting Decision Point for Number of Factors to Use based on Loading	96
Figure 3: Histogram of Tested Knowledge Score Percentage Distribution.....	106
Figure 4: Histogram of Self-assessed Knowledge Score Percentage Distribution	107

Abstract

The purpose of this study was to assess the financial literacy continuing profession education cognitive needs of Florida small business owners through exploring their profile. To determine the financial literacy profile, an instrument containing 18 tested knowledge and 5 self-assessed knowledge questions was created. Using a panel of experts, the instrument was developed from previously tested financial literacy questions from several sources.

Data were collected from clients of the West Central Region of the Florida Small Business Development Center at the University of South Florida. The online survey completed by participants included demographic questions to provide data to profile small business owners' financial literacy by gender, age, education level, and small business classification.

The results indicated small business owners have a high financial literacy. There were significant differences found between the financial literacy of men and women. Men's scores were higher for both tested knowledge and self-assessed knowledge. Younger small business owners scored lower than older small business owners. There were significant scoring differences between the highest and lowest levels of education. Tested scores and self-assessed scores increased with higher education levels. Pre-venture/start-up business owners scored lower than the small-medium enterprise owners. Implications included developing educational programs attentive to women small business owner's needs, as well as newer and/or younger small business owners.

Chapter 1

Introduction

Globally low levels of financial literacy are the source of unease (Lusardi & Mitchell, 2011a, 2011b, 2013, 2014). International policy makers have expressed extreme concern about the prevalent gaps in financial literacy (Atkinson & Messy, 2012). According to Lusardi and Mitchell (2013), the literature indicated large numbers of people around the world were assessed to be financially illiterate. Lusardi and Mitchell (2013) recommend improving the level of financial literacy world-wide as vital to addressing the concerns global leaders, policy makers and business people. The changing landscape of financial markets and individual's requirements for interactions in these markets produced the recent increase of awareness in financial literacy highlighting the need for improvement (Atkinson & Messy, 2012; Donohue, 2011; Hsu, 2011; Hung, Yoong, & Brown, 2012; Lusardi & Mitchell, 2008; Lusardi & Wallace, 2013; Mottola, 2013; Schmeiser & Seligman, 2013). The United States has not been immune to the financial literacy crisis (Lusardi & Mitchell, 2013). Schwab, chairman of the President's Advisory Council on Financial Literacy, commented saying, "We believe the market turmoil and credit crisis of 2008 underscore the critical need for improved financial literacy in the United States" (President's Advisory Council on Financial Literacy [PACFL], 2009, p. VII).

Evaluating financial literacy in the United States, Lusardi and Mitchell (2013) pointed to changes in pensions as one of the major contributors to the current state of

financial literacy. Responsibilities for saving, investing, and decumulating wealth have shifted from corporations and government to workers and retirees. Forty years ago, social security was supplemented with defined-benefit pension plans focused on what a retiree would receive at retirement. Workers relied on employers and did not need the level sophistication and understanding of financial matters that have become essential in today's economy. The current defined-contribution pension plans and individual retirement accounts (IRAs) emphasize what must be invested in the present. These changes in retirement planning demands coupled with the increasing complexity of the financial markets require high levels of financial literacy. Extended life expectancies add the risk of retirees outliving their assets, thus compounding the necessity of improving financial literacy (Finke, Howe, & Huston, 2011; Lusardi, 2011; Lusardi & Beeler, 2007; Lusardi, 2012a; Lusardi & Mitchell, 2007a; Van Rooij, Lusardi, & Alessie, 2007, 2009, 2011). The current generation of retirees, Baby Boomers (born 1946 to 1964), is facing the need for more sophisticated financial literacy (Lusardi & Beeler, 2007; Lusardi & Mitchell, 2007a, 2013, 2014; Klapper, Lusardi, & Panos, 2013; Van Rooij et al., 2011).

Borrowing money has also become more complicated. Consumers have greater access to installment credit and credit cards, mortgages, including sub-prime mortgages, and alternative financial services, such as payday loans, pawn shops, auto title loans, tax refund loans, and rent-to-own shops. Generation X (born 1965 to 1980), Millennial (born 1981 to 2000), and Boomlet (born after 2001) generations must also be concerned about the present as well as the future of their financial well-being (Lusardi, 2012a; 2015; Lusardi & Mitchell, 2013; Novak, 2014). To manage their financial well-

being, an individual must address the long-range money practices of building assets, protecting assets, and borrowing as well as basic money concepts for day-to-day money management (Kunovskaya, Cude, & Alexeev, 2014; Lusardi & Mitchell, 2011a, 2011b; Miller, Reichstein, Salas, & Zia, 2014; Van Rooij et al., 2011). The precise definition of financial literacy continues to be open to deliberation. Hung, Parker, and Yoong (2009), Huston (2010), and Remund (2010) concurred that an agreed-upon definition does not exist. Based on the myriad of conceptual definitions of financial literacy, researchers developed models, including several attributes other than knowledge. Financial understanding, ability, skills, aptitude, confidence, experiences, behavior, financial well-being, financial socialization, financial inclusion, and resources were included in various conceptual definitions (Hung et al., 2009; Huston, 2010; Lee & Hanna, 2014; Lusardi, 2011, 2012a, 2012b; Lusardi & Beeler, 2007; Lusardi & Mitchell, 2007a, 2007b, 2008, 2011a, 2011b, 2013, 2014; Lusardi & Scheresberg, 2013; Lusardi & Wallace, 2013; Mason & Watson, 2000; Mottola, 2013; Nicolini, Cude, & Chatterjee, 2013; Robb & Woodyard, 2011; Scheresberg, 2013; Schmeiser & Seligman, 2013; Sherraden, 2010; Woodyard & Robb, 2012).

Financial literacy attributes identified by researchers can be classified into three domains (cognitive, affective, and social). This research focused on the cognitive domain, more specifically knowledge, including both objective and subjective financial literacy. Carlson, Vincent, Hardsty, and Bearden (2009) considered objective knowledge to “reflect what we know” (p. 864) and subjective knowledge to “reflect what we think we know” (p. 864). Objective knowledge (tested knowledge) is easily measured by the number or percentage of correct responses to financial literacy

knowledge questions; while subjective knowledge (self-assessed) is the self-belief determined through self-assessment, based on personal perception and confidence in their skills and abilities (Fernandes, Lynch, & Netemeyer, 2014; Wilson, Kickul, & Marlino, 2007).

The idea of financial capability has been raised by some researchers. Sherraden and Grinstein-Weiss (2015) proposed financial capability goes beyond financial literacy to include the ability and opportunity to act. Lachance (2014) indicated financial capability represents the ability to manage financial resources effectively empowering “individuals to make informed choices, avoid pitfalls, know where to go for help, and take other actions to improve their present and long-term financial well-being” (p. 17). In other words, financial capability results in financial well-being as an outcome of financial literacy together with an individual’s access to resources, financial information, and financial products. This also requires inclusion in financial markets and access to financial services (Buckland, 2014; Hung et al., 2012; Robles, 2014; Sherraden, 2010, Sherraden & Grinstein-Weiss, 2015).

Statement of the Problem

Research focusing on the general United States (U.S.) population agreed financial literacy is low and improvement is imperative to the economy (Lusardi & Mitchell, 2008, 2013, 2014; Lusardi & Tufano, 2009; Lusardi & Wallace, 2013; Mandell & Klein, 2009; Theodos, Kalish, Mckernan, & Radcliffe, 2014). State-by-state analysis identified geographic disparity in financial literacy (Bumcrot, Lin, & Lusardi, 2013). Based on the National Financial Capability Study (NFCS), the State of Florida financial literacy scores ranked in the bottom 20% of the U.S. (FINRA Investor Education

Foundation, 2013). Research related to financial literacy of small business owners is minimal, and no research has been conducted in the U.S. Without a profile of the financial literacy of small business owners, legislators and governmental agency policy makers can only guess at the financial literacy continuing professional education needs of small business owners when developing and funding small business education initiatives.

Statement of the Purpose

The purpose of this study was to assess the financial literacy continuing professional education cognitive needs of Florida small business owners. In addition, financial literacy continuing professional education needs of this group by gender, age, education level, and small business classification have not been investigated. This research adds to the knowledge base and informs governmental agencies such as the Small Business Administration (SBA), American Small Business Development Centers (ASBDC), Florida Small Business Development Centers Network (FSBDCN), and Service Corps of Retired Executives (SCORE) of the educational needs of Florida small business owners (Newman, Ridenour, Newman, & DeMarco, 2003). Non-profit organizations such as SBA, ASBDC, FSBDCN, and SCORE, funded by federal and state government agencies, exist to educate and support small businesses and their owners (American Small Business Development Centers [ASBDC], 2016; Florida Small Business Development Center Network [FSBDCN], 2016a; Small Business Administration [SBA], 2013). This research provides a basis for future programs these organizations might offer to small business owners.

Research Questions

The research questions identified to address the purpose of this study were:

1. What is the financial literacy profile of Florida small business owners?
2. What are the direction and extent of differences in the financial literacy profile by gender?
3. What are the direction and extent of differences in the financial literacy profile by age?
4. What are the direction and extent of differences in the financial literacy profile by education level?
5. What are the direction and extent of differences in the financial literacy profile by small business classification?

Significance of the Study

The SBA's Office of Advocacy (2016a, 2016b) described Florida's nearly 2.2 million small businesses as drastically impacting Florida's economy; advising Florida small business is crucial to the fiscal condition of the state. A substantial portion of Florida's economy was, and continues to be, dependent on the state's small businesses (Atwater, 2013). According to the 2010 U.S. Census business statistics, 91.5% of Florida businesses reported having less than 20 employees, which put them into the category of a small business. As of February 2015, in the SBA Small Business Profiles for the States and Territories, Florida was ranked number three (behind Texas and California) for starting and maintaining a small businesses in the U.S. (SBA Office of Advocacy, 2016c). In light of over two million small businesses representing 97.5% of Florida's workforce and the state's overall low financial literacy ranking, there was a void in the understanding of the need for financial literacy continuing profession education of Florida small business owners (U.S. Census, 2010). Research covering Florida small business owners' financial literacy ratings of did not exist.

The fiscal year 2015 U.S. Federal Budget had 710 million dollars allocated to the SBA to support small business owners. An additional 15 million dollars of the SBA budget was allocated to entrepreneurial education initiatives (SBA, 2015). In 2013, the State of Florida enacted House Bill No. 2007 (K-20 Education, 2013) allocating four million dollars to the FSBDCN to provide support for Florida small business owners. Federal and Florida budgets provide evidence of the magnitude of federal and Florida dollars being allocated to educate and support small business owners. With this in mind, informing governmental agencies and the Florida legislature of the financial literacy continuing professional education needs of small business owners would provide insights to supporting this group with financial literacy education. Efforts by ASBDC, FSBDCN, SCORE, and the Florida legislature to educate and support small business owners are rooted in goals to grow and improve the Florida economy, and in turn, the U.S. economy.

Entrepreneurial education is at the core of supporting small businesses to grow and flourish (SBA, 2013). Fairlie and Holleran (2012) examined the state of entrepreneurship training for individuals noting governments around the world view promoting entrepreneurship as a national priority. O'Connor (2013) explored the governmental interest in entrepreneurship education advocating achievement of specific economic outcomes as the goal of entrepreneurship education. According to Nunoo and Andoh (2012), financial literacy education was an important component of entrepreneurial education.

This study aimed to contribute the small business owner financial literacy perspective to the body of work examining the complex phenomena of financial literacy.

Focusing on the Florida small business owners' financial literacy continuing professional education cognitive needs with particular attention to differences based on gender, age, education level, and small business classification, this research can potentially provide invaluable information for the Florida legislature and Florida governmental agencies supporting small business owners.

Limitations

This study had certain inherent limitations. This study was conducted in one region of Florida. Recommendations made, as well as the survey results, of this study must be properly understood as being limited to the West Central region of Florida.

This study was administered online. A link to the study's survey was sent via email to potential participants. The prospective participants, clients of the Florida Small Business Development Center Network, represented the segment of the Florida small business population that had chosen to seek consulting and advice from this non-profit organization. The potential participant pool did not include small business owners who had not sought out business consulting, as well as those who had engaged another non-profit organization or private consultant. Generalization to all Florida small business owners may be restricted.

Definition of Terms

The following operational definitions were used for the terminology within this research study:

Financial attitude. The way an individual thinks or feels about money and its use in a financial context.

Financial behavior. The way individuals act or conduct themselves in relation to money and financial transactions.

Financial capability. A broad concept, encompassing knowledge and skills necessary to understand personal financial circumstances together with the motivation to take action, the resources, and the access to financial services required to manage financial resources effectively.

Financial knowledge. Monetary information, understanding, or skill gained from experience or education.

Financial literacy. An individual's ability to use knowledge and skills in conjunction with personal financial attitudes and beliefs to manage personal monetary resources effectively based on accessible economic information and products for lifetime fiscal security.

Financial literacy profile. The combination of an individual's tested financial literacy assessment score and self-assessed financial literacy assessment score representing the individual's grasp of financial information.

Knowledge content categories. Four categories commonly employed to summarize financial concepts when teaching and assessing financial literacy are:

1. *Money basics.* Money basics is the first of four knowledge content categories of financial literacy, and represents concepts necessary to understand and manage money or financial resources. Concepts include: compound interest, time value of money, purchasing power/inflation, spending, and short-term savings.

2. *Borrowing.* Borrowing is the second of four knowledge content categories of financial literacy representing concepts relating to the debt (using money from a financial institution under an agreement to repay it plus a fee for the privilege of using it). Concepts include annual percentage rate (APR), finance charges, loan terms, credit scores; and types of borrowing (e.g., education, home, vehicles).
3. *Building assets.* Building assets is the third of four knowledge content categories of financial literacy representing concepts relating to growing and increasing financial resources. Concepts include long-term-savings accounts/certificates of deposit, stocks, bonds, mutual funds, and annuities.
4. *Protecting assets.* Protecting assets is the fourth of four knowledge content categories of financial literacy, and represents concepts relating to avoiding the possibility of loss of money and/or financial resources. Concepts include: investment product risk (stocks vs. bonds vs. mutual funds), investment diversity, and insurance protection.

Self-assessed financial knowledge. Self-belief or perception of financial knowledge determined through self-assessment, based on personal perception and confidence.

Small business. A small business concern is one that is independently owned and operated, is organized for profit, and is not dominant in its field. Small business owners are often referred to as entrepreneurs. Entrepreneurs are considered individuals establishing and managing a business for the principal purpose of profit and

growth while furthering personal goals. The small business is commonly the primary source of income and will consume the majority of person's time and resources.

Small Business Classifications. Categorizes small businesses based on the number of years in business and number of employees.

1. *Pre-venture/start-up.* Represents a small business classification where individuals are either exploring the possibility of starting a new business (pre-venture) or have been operating a new business for less than three years. There are no employees.
2. *Small business.* Represents a small business classification where individuals are in business. They have been in business for more than three years and have less than five full-time employees.
3. *Small-medium size enterprises.* Represents a small business classification where a business has been operating for three or more years with five or more full-time employees.

Tested financial knowledge. Financial knowledge assessment determined through test results.

List of Acronyms

Numerous acronyms are commonly used when referring to organizations and studies or instruments in the literature. The following is a list of the acronyms used in this study and what they stand for:

ALP	RAND American Life Panel Study
ASBDC	American Small Business Development Centers
FINRA	Financial Industry Regulatory Authority

FLAT	Financial Literacy Assessment Test
FLEC	Financial Literacy and Education Commission
FSBDCN	Florida Small Business Development Center Network
HRS	Health and Retirement Study
NBER	National Bureau of Economic Research
NFCS	National Financial Capability Study
OECD	Organization for Economic Co-operation and Development
PACFC	President's Advisory Council on Financial Capability
PACFL	President's Advisory Council on Financial Literacy
SBDC	Small Business Development Center
SBA	Small Business Administration
SCORE	Service Corps of Retired Executives

Organization of the Study

This study is organized into five chapters. Chapter 1 includes a statement of the problem, discussion of the purpose of the study, statement of research questions, significance of the study, limitations, definition of terms, a list of acronyms, and organization of the study. Chapter 2 reviews and evaluates pertinent literature related to the history of financial literacy in the United States, the current state of financial literacy (global, United States, Florida, and small business owners), measuring financial literacy (definitions, models, and assessments), and a summary. Chapter 3 details the research methods for the study. This includes the research design, research questions, population and sample, instrumentation, data collection process, data analysis, and a summary. Chapter 4 includes the research questions, response rates of participants,

demographic characteristics of respondents, and analyzes of the financial literacy assessment scores by the five search questions, and observations. Chapter 5 includes a summary of the study, conclusions, implications, and recommendations for further research.

Chapter 2

Literature Review

The purpose of this study was to assess the financial literacy continuing professional education cognitive needs of Florida small business owners. Literature about the history of financial literacy in the United States opens the chapter. Next, the chapter presents the current state of financial literacy, starting with global financial literacy, moving to the United States financial literacy, financial literacy measurement, and a summary.

History of Financial Literacy

Economic crises around the world fueled concern over financial illiteracy as measured internationally by researchers in numerous articles, reports, and working papers (Atkinson & Messy, 2012; Bumcrot et al., 2013; Crossan, Feslier, & Hurnard, 2011; Fornero & Monticone, 2011; Klapper et al., 2013; Lusardi & Mitchell, 2013; Pahnke & Honekamp, 2010; Vieira, 2012; Wolfe-Hayes, 2010). Anxiety over the current state of the United States financial literacy continued to grow until a presidential advisory council was created (President's Advisory Council on Financial Capability [PACFC], 2013a; President's Advisory Council on Financial Literacy [PACFL], 2009).

Sensitivity to financial literacy and the needs of adults to learn financial skills date back to 1795. Davies (1795), a clergyman, discussed the needs of poor agricultural workers in *The Case of Labourers in Husbandry Stated and Considered*. Davies (1795)

suggested, “encouraging frugality among them [poor workers]” (p. 98) by teaching the laborers to save more money through creating a budget. As the field of adult education developed, the 1862 Morrill Act authorized the establishment of land grant institutions (Liston & Bivens, 1993; Tschache, 2009). These institutions fostered the creation of home economics as an area of study. Home economics covered understanding household finance. Concepts such as debt, credit, loaning, borrowing, and interest rates, as well as the life skills of making a budget, keeping financial records, and making frugal purchasing choices, were also included in the curriculum (Liston & Bivens, 1993). The 1914 Smith-Lever Act launched the Cooperative Extension Service (Tschache, 2009). The Cooperative Extension Service was established to provide information by bringing learning opportunities to where learners lived in rural and farm areas. The Smith-Hughes National Vocational Education Act of 1917 expanded on the Smith-Lever Act (Tschache, 2009). This allowed land grant institutions’ Cooperative Extension Service programs to offer practical vocational education courses, including financial literacy education (Kozup & Hogarth, 2008; Liston & Bivens, 1993; Tschache, 2009).

From the 1930s to the 1990s, education in family resource management, including financial literacy, was sponsored by government agencies and offered by private organizations in communities and the workplace (Fox, Bartholomae, & Lee, 2005; Hopely, 2003; Vitt, Anderson, Kent, Lyter, Siegenthaler, & Ward, 2000). In 1995, the U.S. Department of the Treasury together with 65 public and private organizations assembled the American Savings Education Council with the expressed mission of improving financial literacy (American Savings Education Council, n.d.). In 1998, the Securities and Exchange Commission (SEC) in partnership with nearly 50 private and

public entities targeted improving financial literacy by beginning a campaign to encourage savings and investments (Vitt et al., 2000). By 2000, the United States had over 90 financial education programs available to adult learners (Hopely, 2003).

The establishment of Financial Literacy and Education Commission (FLEC) under the Fair and Accurate Credit Transactions Act of 2003 marked the start of the U.S. Government's involvement in financial literacy (Financial Literacy and Education Commission [FLEC], 2010). The Secretary of Treasury headed the commission of 19 federal agencies and bureaus to promote financial literacy (FLEC, 2010). For several years, the existing programs functioned with little notice except the agencies that funded them. Agencies providing the programs reported statistics related to the program's impacts, typically with a positive picture of the educational outcomes (Miller et al., 2014; Tippet & Kluvers, 2007). Concerns over financial literacy were elevated to the presidential level in 2008 when President Bush created the President's Advisory Council on Financial Literacy (PACFL) charged with improving financial literacy in the United States (PACFL, 2009).

The United States economic crisis of 2009 escalated the interest in financial literacy. On January 29, 2010, President Obama signed Executive Order 13530 creating the President's Advisory Council on Financial Capability (PACFC) (Executive Order 13520, 2010). PACFC was tasked with solving the problem of financial capability by addressing financial literacy among the American people. The goal of PACFC was to assist Americans in understanding financial matters and making informed financial decisions (PACFC, 2013a). On April 2, 2010, President Obama (2010) issued a Presidential Proclamation calling for April to be the financial literacy month. He linked

financial literacy to the economic health of our nation saying, “Our recent economic crisis was the result of both irresponsible actions on Wall Street, and everyday choices on Main Street” (Obama, 2010, para. 2). The comment fueled funding by government agencies, private organizations, and educational institutions to support research as well as the development and implementation of financial education to combat the low levels of financial literacy in the United States (FINRA Investor Education Foundation, 2016a; Financial Literacy and Education Commission, 2014; National Endowment for Financial Education, 2014).

In 2011, the FLEC’s National Strategy Working Group released the *United States National Strategy 2011* (FLEC, 2010) for financial literacy. The intention was to engage all FLEC member agencies as well as non-profit, private, and academic sectors to achieve the following strategic goals: Increase awareness of the access to effective financial education, “1. Determine and integrate core financial competencies, 2. Improve financial education infrastructure, and 3. Identify, enhance, and share effective practices” (FLEC, 2010, p. 2).

Over the past 200 years, billions of government and private dollars were invested in financial education to improve financial literacy in the United States. Evidence of positive increases financial literacy scores was expected. The plethora of research since 2000, covering the state of global and the United States financial literacy paints a picture contrary to this expectation (Fernandes et al., 2014; Huston, 2010; Miller et al., 2014; Vieira, 2012).

Current State of Financial Literacy

Global financial crisis has induced global leaders, major banking companies, financial institutions, economic experts, government agencies, grass-roots consumer/community interest groups, and academia to search for causes of the crisis (Braunstein & Welch, 2002; Gallery & Gallery, 2010). Wolfe-Hayes (2010) suggested there is a connection between the financial crisis and financial literacy:

It is no great surprise to learn that current financial crisis began with sub-prime mortgages that were marketed primarily to those with less income and education—and presumably less financial literacy—than those who were eligible for prime mortgages. Financial literacy clearly has ongoing macroeconomic ramifications. (p. 107)

Concurring with the connection, Hung et al. (2009) encapsulated financial literacy's contribution to the economic downturn in the U.S. stating, "poor financial decision-making appears to be a surprisingly widespread phenomenon with sizeable consequences that build over time and often go unnoticed until a point of crisis" (p. 21). According to the Consumer Financial Protections Bureau's (2013) *Financial Literacy Annual Report*, there is a relationship between the state of the economy and financial literacy. The Consumer Financial Protections Bureau stated, "Financially capable consumers are essential to fully and responsibly harness the financial system's tremendous ability to enhance economic stability" (p. 58). Examples from recent research point to the lack of financial literacy as a contributing factor in the decline of responsible personal financial management. This decline played a significant part in the waning economy (Consumer Financial Protections Bureau, 2013).

Investigating financial literacy in more detail, researchers found women's financial literacy assessment scores were lower than their male counterparts (Agnew &

Carmeron-Agnew, 2015; Atkinson & Messy, 2012; Donohue, 2011; Hsu, 2011; Hung et al., 2012; Lusardi & Mitchell, 2008; Lusardi & Wallace, 2013; Mottola, 2013; Schmeiser & Seligman, 2013). When researchers explored financial literacy by age, they discovered young adults and elderly adults show greater incidence of low financial literacy assessment scores (Beckmann, 2013; Hsu, 2011; Lusardi, 2011, 2012b; Lusardi & Mitchell, 2014; Lusardi, Mitchell, & Curto, 2010; Lusardi & Tufano, 2009; Mandell & Klein, 2007; Pahnke & Honekamp, 2010; Scheresberg, 2013).

Global financial literacy. In 2011, the Global Financial Literacy Excellence Center was founded at the George Washington University School of Business to inform policy as well as develop and promote financial literacy programs around the world through scholarship and research. The Global Financial Literacy Excellence Center “mission was driven by the awareness that financial literacy levels around the world have reached a crisis point” (2016a, para. 3). The organization’s research, disseminated through journal articles and policy papers, indicated financial literacy was universally low worldwide. The research also highlighted women, ethnic groups, individuals with low income, and those with low education reported lower than average financial literacy assessment scores around the world (Global Financial Literacy Excellence Center, 2016b; Lusardi & Mitchell, 2011a, 2011b, 2014; Lusardi & Wallace, 2013).

The Organisation for Economic Co-operation and Development (OECD) conducted a Pilot Study of 14 countries (Albania, Armenia, British Virgin Islands, Czech Republic, Estonia, Germany, Hungary, Ireland, Malaysia, Norway, Peru, Poland, South Africa, and the United Kingdom) using an instrument developed by the OECD

International Network of Financial Education. The study identified worldwide financial knowledge as low (Atkinson & Messy, 2012). According to the OECD report, *Measuring Financial Literacy* (Atkinson & Messy, 2012), most people exhibit very basic financial knowledge, but more complex concepts such as compound interest and diversification were limited among the populations of every country. The OECD also found lower scores were prevalent for women and individuals with lower levels of education and income (Atkinson & Messy, 2012). Individual research studies covering numerous countries around the world identified low levels of financial literacy in Australia (Agnew, Bateman, & Thorp, 2013), Brazil (Mendes-da-Silva, Nakamura, & Moraes, 2012; Norvilitis, & Mendes-da-Silva, 2013; Potrich, Vierira, Coronel, & Filho, 2015), Canada (Nicolini et al., 2013), Dominican Republic (Drexler, Fischer, & Schoar, 2010), Europe (Klapper et al., 2013), France (Arrondel, Debbich, & Savignac, 2013), Germany (Pahnke & Honekamp, 2010), Ghana (Ansong, 2011), India (Bonte & Filipiak, 2012; Kumar, Mathur, & Sal, 2014), Italy (Fornero & Monticone, 2011), Japan (Sekita, 2011), Mexico (Hastings & Mitchell, 2011), New Zealand (Crossan et al., 2011), Romania (Beckmann, 2013), South Africa (Shambare & Rungimbana, 2012), Switzerland (Brown & Graf, 2013), and the United Kingdom (Nicolini et al., 2013).

According to the research, global financial literacy was clearly less than deemed adequate to access the sophisticated financial markets around the world. The global economy has been impacted by the low levels of financial literacy. Lusardi and Mitchell (2011b) stressed, “financial illiteracy undermines not only individual retirement security but indeed, the stability of the global financial system more generally” (p. 14). They suggested, “boosting financial literacy skills may well be critically important for economic

and social welfare not only of this generation, but those to come” (p.14). Corroborating Lusardi and Mitchell’s (2011b) research, the OECD working paper prepared by Atkinson and Messy (2012) highlighted the significance of the need to improve financial knowledge. Lack of such knowledge existed among a substantial portion of the population in all countries evaluated by the OECD. However, the United States population financial literacy was not included in the OECD study. The financial knowledge questions used in the OECD study cover the same topics used to determine financial literacy in the United States (Allgood & Walstad, 2013; Atkinson & Messy, 2012; Bumcrot et al., 2013; Lusardi, 2011, 2012a, 2012b; Scheresberg, 2013). While the United States financial literacy was included in some global research (Lusardi & Mitchell, 2011a, 2011b), the United States has been singled out as the prime focus in numerous research studies (Allgood & Walstad, 2012; Bumcrot et al., 2013; Buckland, 2011; Lusardi & Mitchell, 2011b, 2014; Lusardi & Scheresberg, 2013; Mandell & Klein, 2009; Mottola, 2013).

United States financial literacy. Financial literacy scores in the United States were comparable to global financial literacy scores (Lusardi & Mitchell, 2011a, 2011b; Nicolini et al., 2013). Lusardi and Mitchell (2011b) “observed low levels of financial literacy in the USA are prevalent elsewhere [Germany, the Netherlands, Sweden, Italy, Japan, and New Zealand]” (p. 503). Various recurring surveys have been conducted in the United States. These surveys included identical or similar questions to assess financial literacy (Allgood & Walstad, 2013; Bumcrot et al, 2013; Lachance, 2014; Lusardi & Mitchell, 2007a, 2007b, 2007c, 2008, 2011a, 2011b, 2013; Mottola, 2013; Nicolini et al., 2013; Robb & Woodyard, 2011; Scheresberg, 2013; Woodyard & Robb,

2012). The primary reoccurring surveys are Jump\$start Coalition; Health, and Retirement Study (HRS); RAND American Life Panel (ALP); and National Financial Capability Study (NFCS).

These repetitive surveys concentrated on different aged participants. The Jump\$start Coalition surveys were administered biennially to high school seniors and college students dated back to 1998 (Mandell & Klein, 2007). HRS queried adults over the age of 50 years in 2002, 2004, and 2006 (Lusardi & Mitchell, 2007a, 2008; Schmeiser & Seligman, 2013). The ALP study conducted in 2007 included participants age 18 years and over (Lusardi & Mitchell, 2007b). This survey included a group not covered by the Jump\$start or HRS surveys, adults between the ages of 25 and 50 years of age. In 2009, FINRA Investor Education Foundation funded the NFCS online to over 25,000 adults age 18 years and older (FINRA Investor Education Foundation, 2016). NFCS was repeated with new participants in 2012 (FINRA Investor Education Foundation, 2016). Responses to the financial literacy questions from these four surveys (Jump\$start, HRS, ALP, and NFCS) have been the primary source of assessing and evaluating financial literacy in the United States.

Jump\$start Coalition. The Jump\$start Coalition survey included 31 questions specifically directed towards financial literacy plus additional demographic questions (Mandell, 2008; Mandell & Klein, 2007). The baseline survey was administered to 1,532 high school seniors during the school year 1997-98. In the first survey, only 10.2% of the respondents answered at least 75% of the questions correctly with an average score of 57.3%. The survey was repeated in 2000, 2002, 2004, 2006, and 2008 with average scores of 51.9%, 50.2%, 52.3%, 52.4%, and 58.3% respectively (Mandell,

2006, 2008). A multitude of empirical articles referencing these results provided the evidence for low financial levels among teens and young adults in the United States (Alhenawi & Elkhal, 2013; Huston, 2010; Knoll & Houts, 2012; Lusardi & Mitchell, 2007a, 2007b, 2007c, 2008, 2011a, 2011b, 2013; Mandell, 2006, 2008; Mandell & Klein, 2007, 2009; Miller et al., 2014; Wolfe-Hayes, 2010). The focus of the Jump\$tart Coalition for Personal Financial Literacy, a non-profit organization based in Washington DC, is to prepare the nation's youth for life-long financial success through education (Jump\$tart Coalition, 2016). Mandell (2006, 2008) and Mandell and Klein's (2007, 2009) Jump\$tart research only addresses financial literacy among high school seniors and college students (young adults) in the United States. Examining the financial literacy of older adults' in the United States became possible when financial literacy questions were added to the Health and Retirement Study (Fonseca, Mullen, Zamarro, & Zissimopoulos, 2012; Lusardi & Mitchell, 2007a, 2007b, 2008, 2011b; Schmeiser & Seligman, 2013).

Health and Retirement Study (HRS). HRS was a longitudinal survey first administered in 1992 by the University of Michigan. The original sample included individuals and their spouses born from 1931 to 1941. Subjects were re-interviewed every two years. New subjects in the early 50's age range were added every six years. The HRS survey collected detailed demographic, asset, health, healthcare, housing, income, and employment data. In 2002, a three-item financial literacy quiz focusing on numeracy and risk assessment was added to the survey. The financial literacy questions continued in the 2004 and 2006 surveys (Lusardi & Mitchell, 2007a, 2007b, 2011b; Schmeiser & Seligman, 2013)

Lusardi and Mitchell (2007a) used the 2004 and 2006 survey results to compare net worth, planning for retirement, and financial literacy, in *Baby Boomer Retirement Security: The Roles of Planning, Financial Literacy and Housing Wealth*. The findings of this report indicated respondents who planned for retirement had higher levels of wealth at retirement. Lusardi and Mitchell (2008) based findings and conclusions in *Planning and Financial Literacy: How Do Women Fare?* on the 2004 HRS to posit financial literacy and retirement planning of women was of particular interest. The resulting data analysis showed women's financial literacy below that of men (Lusardi & Mitchell, 2008). Schmeiser and Seligman (2013) used the 2002, 2004, and 2006 HRS data and regression analysis to relate financial literacy scores to financial well-being and financial capability. Several other researchers have used the HRS data or referenced results of data analysis in numerous research articles (Agnew et al., 2013; Bumcrot et al., 2013; Buckland, 2011; Finke & Huston, 2014; Lusardi & Beeler, 2007; Lusardi & Mitchell, 2013; Van Rooij et al., 2009). While Jump\$start assessed young adults and HRS addressed older adults' financial literacy, the gap between Jump\$start and HRS was included in the RAND American Life Panel (ALP).

RAND American Life Panel (ALP). The University of Michigan Research Center conducted the original ALP survey. Three financial literacy and planning questions developed by Lusardi and Mitchell (2007b) in collaboration with van Soest (Professor in Econometrics at Tilburg University, the Netherlands) were added to ALP in 2007 (Lusardi & Mitchell, 2007b). Lusardi and Mitchell's (2007b) findings from the ALP were consistent with the results of prior analysis by Lusardi and Mitchell using the HRS. Fonseca et al. (2012) used ALP to explain the gender gap in financial literacy. Focusing

on couples' roles in marriage and decision-making, Fonseca et al. (2012) revealed, "men and women have different production processes for financial literacy" (p. 105). The study linked gender differences to household specialization with men specializing in making household financial decision. To support this specialization, men must acquire financial knowledge while women concentrated on other household functions, which included day-to-day financial responsibilities (Fonseca et al., 2012).

HRS and ALP were existing surveys. Three financial questions were added to both surveys to include a financial literacy assessment section (Fonseca et al., 2012; Lusardi & Mitchell, 2007a, 2007b, 2008, 2011b; Mandell, 2006, 2008; Miller et al., 2014; Schmeiser & Seligman, 2013; Wolfe-Hayes, 2010). NFCS was commissioned as the first national study of the financial literacy of American adults, ages 18 years and older (FINRA, 2016).

National Financial Capability Study (NFCS). Applied Research and Consulting LLC originally administered the NFCS State-by-State survey as an online survey between May and July 2009. Applied Research and Consulting LLC was founded in 1955 to conduct research in the form of public opinion polling, market research, and data analysis for government based organizations and businesses (Applied Research & Consulting LLC, 2016). FINRA Investor Education Foundation funded the survey (FINRA Investor Education Foundation, 2016). A team, led by Lusardi of Dartmouth College, Applied Research and Consulting LLC, the FINRA Investor Education Foundation, and the Office of Financial Education of the U.S. Treasury with input from Copeland of the Employee Benefit Research Institute, the American Institute of Certified Public Accountants, and Willis (a professor at the

University of Michigan), designed the NFCS survey (FINRA Investor Education Foundation, 2009). Over 25,500 U.S. adults 18 years and older were queried (approximately 500 respondents per state, plus the District of Columbia). The state-by-state survey was conducted again in 2012 with a new group of participants (FINRA Investor Education Foundation, 2009, 2013). The data collected from both surveys, weighted for U.S. Census demographics, are available for public use participants (FINRA Investor Education Foundation, 2009, 2013). The NFCS was the source for various research articles covering financial literacy in the United States. There were five financial literacy questions used in the NFCS. Two new questions were added to the three questions originally created for HRS and ALP (Allgood & Walstad, 2013; Lachance, 2014; Lusardi & Mitchell, 2011a, 2011b; Lusardi & Scheresberg, 2013; Mottola, 2013; Nicolini et al., 2013; Robb & Woodyard, 2011; Scheresberg, 2013; Woodard & Robb, 2012). Responses to other NFCS questions covered demographics, financial behaviors, and financial well-being. Researchers used NFCS data to develop statistics and evaluate the condition of financial literacy in the United States (Allgood & Walstad, 2013; Lachance, 2014; Lusardi & Mitchell, 2011a, 2011b; Lusardi & Scheresberg, 2013; Mottola, 2013; National Financial Capability Study [NFCS], 2016a, 2016b; Nicolini et al., 2013; Robb & Woodyard, 2011; Scheresberg, 2013; Woodard & Robb, 2012). Demographic information in the survey enabled researchers to define specific focal points such as age, gender, ethnicity, socio-economic status, and geography. For example, Lusardi (2011) used NFCS data in *American's Financial Capability*, a National Bureau of Economic Research (NBER) working paper, to paint a troubling picture of American's lack of basic financial literacy.

Robb and Woodyard (2011) examined the 2009 NFCS data concentrating on a composite measure of financial literacy and its impact on personal financial wellness, including financial satisfaction, financial behavior, financial attitudes, and objective measures with financial knowledge being considered an attribute of the overall wellness. The results from this view of the data supported previous literature on financial literacy suggesting the level of financial knowledge impacts financial behavior and financial confidence (Robb & Woodyard, 2011).

Woodyard and Robb (2012) utilized the 2009 NFCS data again to explore gender differences with respect to effects on objective (tested) and subjective (self-perceived) knowledge in terms of self-reported actions. The Woodyard and Robb (2012) research centered on six behaviors: emergency fund savings, credit report, overdraft activity, credit card payoff, retirement account savings, and risk management. Woodyard and Robb's (2012) findings reinforced previous work by Lusardi and Mitchell (2008) using the HRS study identifying women's financial literacy levels lower than men.

Lusardi (2012a) looked at financial decision-making in older adults based on 2009 NFCS data. The findings indicated a worrisome lack of financial literacy in this demographic with severely low levels among women.

Allgood and Walstad (2013) echoed findings that overall literacy of young adults is low. Additionally, Allgood and Walstad (2013) found women and minorities also rank below the mean. In *Geography of Financial Literacy*, Bumcrot et al. (2013) discovered considerable variations within the United States geographically. Again, overall financial literacy among Americans was low. Their research found "the mean financial literacy index values [on a scale of 0 to 5] ranges from 2.75 in Louisiana to 3.30 in New

Hampshire” (p. 7). The lowest financial literacy scores in the U.S. were in the eastern and southern parts of the country.

In the NBER working paper, *Financial Literacy and High-Cost Borrowing in the United States*, Lusardi and Scheresberg (2013), using NFCS data, found “that numeracy and knowledge of basic financial concepts is strongly negatively correlated with high-cost borrowing” professing “financial literacy is important in explaining financial behavior” (p. 3). Mottola (2013), *In Our Best Interest: Women, Financial Literacy, and Credit Card Behavior*, concentrated on women’s financial literacy. Using the 2009 NFCS data, Mottola (2013) found women’s credit card behaviors were costlier than men, concluding, “that improving characteristics that are mutable-like financial literacy and math skills may represent the most effective and efficient means of eliminating credit card behavior differences between sexes” (p. 13).

Nicolini et al. (2013) included the United States in *Financial Literacy: A Comparative Study Across Four Countries* (United Kingdom, Italy, Canada, and the United States). The United States data were taken from the 2009 NFCS, while the 2006 British Financial Services Authority Financial Capability Baseline Survey was used for the United Kingdom. The 2009 Canadian Financial Capability Survey conducted by Statistics Canada provided Canadian data, and the 2009 Italian Survey on Household Income and Wealth data were used to represent Italy’s financial literacy. The results suggested variations in financial literacy levels across countries with inconsistencies in socio-demographic variable effects indicating standardized financial literacy assessments across countries asking identical questions would better facilitate this type of comparison (Nicolini et al., 2013). Scheresberg (2013) only used data from

participants aged 25 to 34 years and found 34% of young adults were ill-equipped to deal with financial responsibilities. The findings also indicated significant differences between women's and men's scores. Women scored very low despite higher levels of education (Scheresberg, 2013).

Lachance (2014) used both 2009 and 2012 NFCS with regression analysis to evaluate financial literacy scores, education, and social networks (neighborhoods). The findings indicate informal mechanisms such as knowledgeable social networks played a role in financial literacy. The impact of financial knowledge development through social networks or neighborhoods was apparent in socioeconomic groups. The lack of natural exposure to informal financial knowledge due to less-educated neighborhoods with lower proportions of college-educated members was evident in financial literacy scores (Lachance, 2014). Lusardi and Mitchell (2014) in *The Economic Importance of Financial Literacy: Theory and Evidence* combined the 2009 and 2012 NFCS results with five other financial literacy assessments to demonstrate the prevalence of inadequate financial literacy around the world. They suggested challenges existed in providing educational tools necessary to improve financial literacy to the level essential for effectively navigating today's complex financial and credit markets.

Lusardi (2011, 2012a), Robb and Woodyard (2011), Woodyard and Robb (2012), Allgood and Walstad (2013), Mottola (2013), Nicolini et al. (2013), Scheresberg (2013), Lachance (2014), and Lusardi and Mitchell (2014) all conducted research using data from the NFCS. Each examined the data from a different perspective with diverse emphasis. Despite evaluating NFCS data from differing viewpoints, all concluded financial literacy in the United States is low. Researchers considering gender

discovered women score below men. Those pondering financial literacy's correlation to age found the young and older age groups scored lower than the mean. There are additional sources of financial literacy assessment research beyond the reoccurring survey administered by Jump\$tart, HRS, ALP, and NFCS.

Other financial literacy studies. Other studies exploring U.S. financial literacy were published using instruments different than the reoccurring survey's assessments. However, these studies concluded similar findings. Volpe, Chen, and Pavliko (1996) used the *What's your financial IQ?*, a 10-item questionnaire from the Money Forecast Issue of 1993 *Money* magazine as an assessment to test age 18 to 35 year old adults' investment knowledge. The results from 454 college students at a mid-sized metropolitan university in the U.S. showed an average financial IQ score of 44 out of 100, below the acceptable range of 70-90 (Volpe et al., 1996). Volpe et al. (1996) also noted male participants scored better than females.

Chen and Volpe (1998) examined responses to a 31-question multiple-choice survey provided by 924 college students from multiple universities across the United States. Reaffirming earlier evidence that young adults have low financial literacy, Chen and Volpe (1998) indicated, "college students need to improve their knowledge of personal finance" (p. 122).

Hilgert, Hogarth, and Beverly (2003) used the University of Michigan's monthly Survey of Consumers Finances (SCF) to administer 28 financial literacy questions in November and December of 2001. The research explored connections between financial knowledge and recommended behaviors. The survey covered cash-flow management, general credit management, savings, investment, mortgages, and

general financial-management. The research found consumers responded correctly to two-thirds (67%) of the questions, with mortgage knowledge responses having the highest scores (80%). Statistical significance was noted between specific financial knowledge scores and financial behaviors. Hilgert et al. (2003) found knowledge and experience can lead to improved financial practices, but cautioned causality could not be determined, suggesting an improvement in financial practices could flow from knowledge or vice versa.

Lusardi and Mitchell (2011b) included the basic financial literacy questions they created for HRS and APL in the 2008 National Longitudinal Survey of Youth. The National Longitudinal Survey of Youth research found young adults, age 23-28 years, were ill-equipped to make financial decisions due to severely lacking knowledge in financial literacy.

The Cognitive Economics survey (Delavande, Rohwedder, & Willis, 2008) included 24 financial knowledge and two self-assessment questions. The National Institute of Aging administered the survey to a national sample of age 51 years and older U.S. adults through the CogUSA study (Hsu, 2011). Findings by Delavande et al. (2008) and Hsu (2011) indicated the financial condition among older U.S. adults are less about the impacts of aging and more about a lack of knowledge, in other words, low financial literacy.

Lusardi and Tufano (2009) partnered with Taylor Nelson Sofres (TNS) Global, a commercial market research firm, to develop a financial literacy survey capturing information covering debt literacy, a component of financial literacy. Three debt literacy questions and one financial knowledge self-assessment questions were included in this

survey together with questions about participants' personal assessments of debt levels and financial experiences, rather than behavior. TNS Global administered the survey to 1,000 U.S. adults. Lusardi and Tufano's (2009) NBER working paper reported, "low levels of debt literacy are the norm, and understanding of the basic mechanics of debt is especially limited among the elderly, women, certain minorities, and people with lower incomes and wealth" (p. 24).

Alhenawi and Elkhal (2013) conducted research in southern Indiana using a survey containing seven financial knowledge questions developed for their research. Once developed, the instrument gathered demographic financial knowledge, planning, and financial behavior data from 350 Midwest household financial decision makers. The overall results of the research showed surveyed households scored 75.1% indicating financial knowledge at a much higher level than most other studies. The researchers determined there was a low positive correlation between financial knowledge scores and financial planning, noting, "financially knowledgeable people could make bad financial choices and those who score high on the planning test are not always the most knowledgeable ones" (Alhenawi & Elkhal, 2013, p. 17).

The Financial Literacy Assessment Test (FLAT) was developed based on research from the Financial Literacy Project by a Texas Tech University team (Finke & Huston, 2014). The research team worked with a panel of experts who included financial planners, personal-finance experts, and five Ph.Ds. to develop the 20-item instrument (16 tested knowledge and 4 self-assessed knowledge) designed to measure knowledge and skills required to make basic financial decisions (Texas Tech University, 2015). From December 2010 through 2013, the survey was included as a module of

the Consumer Finance Monthly Survey conducted by the Center for Human Resource Research at the Ohio State University (Finke et al., 2011). Finke et al. (2011) evaluated responses by participants aged 60 years and older to “show that is not so much the imbalance between confidence and knowledge that is causing poor financial decisions, but the low financial literacy itself” (p. 19).

Research studies highlighted within this literature review focused on adults of various age groups and geographic locations in the U.S. populations. All the studies have resulted in similar findings: financial literacy in the U.S. is low. Among women, younger adults, older adults, certain ethnic groups, and low-income and/or education levels, financial literacy is below the average mean. Moreover, the research correlated low financial literacy assessment scores and financial behaviors with financial outcomes. This phenomenon came to the attention of government officials at the highest levels of the U.S. government.

President’s Advisory Council on Financial Capability. President Obama reiterated findings related to the United States’ low financial literacy assessment scores when he created the 2010 President’s Advisory Council on Financial Capability (Obama, 2010). Hearings by the Oversight of Government Management, the Federal Workforce, and the District of Columbia Subcommittee of the Committee on Homeland Security and Governmental Affairs United States Senate in 2011 and 2012 focused on financial literacy education of the American public (PACFC, 2013b). The hearings revealed at least 20 agencies spent billions of dollars on more than 50 different programs. The objective of these programs is to elevate personal financial literacy to

achieve the goal of improving the U.S. economy through implementing the PACFC's recommendations to:

1. Incorporate critical personal financial competencies into the teaching of Common Core State Standards for English and mathematics.
2. Encourage federal government and all employers to embrace responsibility for financial well-being of employees and share best practices in employee education.
3. Encourage federal government to support and build upon the state, local, and tribal financial capability councils to promote financial well-being among communities.
4. Establish an online clearing for research in the field of financial education, behavioral economists, and regulators. (PACFC, 2013a, p. III-IV)

The PACFC's objectives defined the U. S. National Strategy for financial literacy (FLEC, 2011a; 2011b; 2014). Although the national strategy for the U.S. financial literacy was defined at the federal level, execution of the strategy falls into the arena of state governments (FLEC, 2010, 2014; Grifoni & Messy, 2012; Hillman, 2009). Acceptance and approval of state common core standards or similar educational laws, including a financial literacy initiative, was integral to facilitate the improvement of the youth's financial literacy (Bell, 2013). Because the U.S. financial literacy national strategy falls to the state level for execution, the next section focuses on the financial literacy of in the State of Florida.

Florida financial literacy. FINRA Investor Education Foundation (2013) NFCS State-by-State survey findings showed less than 40% of the Americans correctly answered at least four out of five financial literacy questions related to everyday life (compound interest, inflation, risk, and diversification, bond prices vs. interest rates, and mortgage/interests). Examining the NFCS results for the State of Florida, only 36% could answer four out of five questions correctly, ranking Florida in the bottom 20% of the nation (FINRA Investor Education Foundation, 2013).

The Florida Council for Economic Education, created in 1975, focuses on training K-12 in economics, entrepreneurship, personal finance, and the free-enterprise system. The goal of the Florida Council for Economic Education was training Florida teachers to implement the portions of the Florida's Next Generation Sunshine State Standards that contain financial literacy (Florida Council for Economic Education, 2014). In 2006, Florida House passed Bill 825 creating the Florida Financial Literacy Council for the expressed purpose of studying the

financial problems that affected consumers, particularly small business owners, young people, working adults, and seniors who arise from a lack of basic knowledge of financial issues and to provide recommendations to the Department of Financial Services, which will assist the department in developing financial literacy programs and resources and providing a single state resource for financial literacy for the general public in order to empower individuals and businesses to manage their financial matters in order to reduce debt, increase savings, and avoid bankruptcy. (Financial Literacy Council, FL, 2006, p. 1)

The Florida Financial Literacy Council's (2008) first report dated January 2008 indicated, "There is no single answer to the problem of financial illiteracy. A comprehensive campaign utilizing media, individual, and group outreach can create a *wave effect* that will teach Floridians how to make sound financial decisions" (p. 6).

August 2013, the Florida Council for Economic Education held the Florida Financial Literacy Summit at the University of South Florida, Tampa. The summit's overall goals were to focus on the financial education of the next generation of Floridians (Florida Financial Literacy Summit, 2013). Recommendations from the summit included "Encourage programs for teacher training on current financial topics and provide access to resources for training materials" (Florida Financial Literacy Council, 2008, p. 4). Roberts, Sorgman, and Parkison (2010) identified "teachers' knowledge, their comfort with that knowledge, and application of content and curriculum

in the classroom as essential elements for successful student learning outcomes” (p. 9). Concluding their research commentary, Roberts et al. (2010) noted, “professional development needed to enhance K-12 teacher readiness may not be available in the current economic environment” (p. 15). Roberts et al. (2010) emphasized the importance of making professional development and adult education available to teachers in order to create successful economic and financial literate educators for the next generation.

A limited number of Florida educational programs directed towards adult financial literacy exist. Examples of Florida financial literacy programs available to adults included the Florida Council for Economic Education’s *Financial Freedom* program and the *360 Degrees of Financial Literacy* program. The *Financial Freedom* program was designed for use in classrooms from middle-school to adult education classes, and the *360 Degrees of Financial Literacy* program provided by Florida Institute of Certified Public Accountants was created for all ages and stages of life (Florida Council for Economic Education, 2014; Florida Institute of Certified Public Accountants, n.d.). Additionally, the State of Florida developed an online tutorial, *Family Foundations: Building a Strong Financial Future*, directed towards Hispanic Floridians to address adults in this community (Atwater, n.d.). Prior to this research, there was no empirical research related to any Florida adult financial literacy programs. The adults selected for this research study were small business owners. The next section explores the financial literacy of this group.

Small business owner financial literacy. Financial literacy is among several competencies necessary to be a successful small business owner. Mojab, Zaefarian,

and Azizi (2011) conceptually defined entrepreneurship competencies to include three features: characteristics, skills, and knowledge emphasizing the importance of entrepreneurial competencies as factors for growth and success. Included within the entrepreneurship knowledge competency is the construct of financial literacy.

According to Fairlie and Krashinsky (2012), small business success was linked to improvement in the economy and was a global priority. The financial literacy aptitude of small business owners was considered a necessary attribute in the ability to run a successful business (Dahmen & Rodriguez, 2014); however, the financial literacy of small business owners has not been evaluated or analyzed in the United States. Examining 14 individual clients from Small Business Development Center (SBDC) at the University of South Florida, Dahmen and Rodriguez (2014) observed the West Central Florida region small business owner's performance compared to business owners' self-perceived of financial literacy and business financial habits. This case study noted 50% of business owners were experiencing financial difficulties. Of those experiencing difficulties, 86% did not review financial statements regularly, and 100% of those not reviewing financial statements expressed a perception of their financial literacy as inadequate. No financial literacy knowledge assessments were performed to determine financial literacy knowledge scores related to the subjects of this study. As a case study, Dahmen and Rodriguez's (2014) work could not be generalized to an entire population (Gall, Gall, & Borg, 2007); however, the high percentage of small business owners struggling with financial difficulties also expressing low self-perceived financial literacy raised cause for concern. Since small business success is an important ingredient in a prosperous U.S. economy, financial literacy of small business owners is

a significant factor (Dahmen & Rodriguez, 2014; Jones & Tullous, 2002; Mojab et al., 2011; Obama, 2010, para. 2).

Jones and Tullous (2002) conducted a study of 133 pre-venture clients of a regional SBDC to explore the self-perception of the need for financial literacy (financial and accounting) consulting. This study examined client perceptions vs. consultant perceptions for Anglo and Hispanic men and women. According to Jones and Tullous (2002), the study noted female small business owners perceived themselves to be ill-prepared to take on the financial aspects of creating and maintaining a small business.

Classifying barriers for small business owners starting businesses in Indiana, Marshall (2012), noted the lack of human capital skills, including financial literacy, gained through experience and education inhibited business startups. Economists use the term human capital to describe the sum of accumulated knowledge and skills people can draw upon when making decisions and/or performing various tasks (Finke & Huston, 2014; Huston, 2010, 2012). Delavande et al. (2008) consider financial knowledge from two perspectives: (a) form of human capital and (b) financial knowledge acquisition an investment.

Small businesses account for 54% of all the United States sales (SBA, 2013). Dahmen and Rodriguez (2014), Jones and Tullous (2002), Mojab et al. (2011), and Obama (2010) consider small business owner financial literacy an important factor in small business owners' ability to succeed and impact the United States economy. As such, exploring small business owner's financial literacy and its potential impact on small business success can provide value to the U.S. Government, governmental

agencies, and private industry. Empirical statistical analysis of the financial literacy assessment scores of small business owners has not been reported.

Research findings from around the world, whether government or privately conducted and funded, concurred financial literacy of all populations was low. This determination was based on an array of commonly used measurements (Atkinson & Messy, 2012; Hung et al., 2009; Huston, 2010; Nicolini et al., 2013; Remund, 2010). To understand what this actually means and how financial literacy assessment scores were derived, the next section of this literature review explores the financial literacy measurement.

Financial Literacy Measurement

The measurement of financial literacy, although the subject of numerous surveys, studies, working papers, and research articles, has been assessed from several perspectives without a consensus of a uniform measurement tool. According to Hung et al. (2009) and Huston (2010), it is difficult to identify a uniform measurement. This stemmed from two issues: (a) lack of a consensus in defining of the construct (core concept) and (b) an agreement of the content of the construct (Hung et al., 2009; Huston, 2010). After exploring the use of the positivist theoretical framework, this section looks at financial literacy measurement and explores the various definitions of financial literacy, followed by a model of the financial literacy construct used in this study. Finally, this section looks at methods and measurement instruments used to create a financial literacy assessment score.

Theoretical framework. The positivist perspective was the underlying theoretical framework of this study. Positivism relies heavily on scientific knowledge,

and that *confidence in science* is the result of the view that science is precise and accurate (Crotty, 1998). Positivism, a product of enlightenment and the *Age of Reason*, maintains two central tenets regarding the *truth* or knowledge about reality: (a) the supposition that only verifiable statements resulting from logical and mathematical treatments and (b) reports of experience have meaning and valid knowledge is the result (Crotty, 1998; Paul, 2005). Positivism is a philosophical tradition aligned with behaviorism, which measures competencies (knowledge, skills, and behaviors) in behavioral terms (Elias & Merriam, 2005).

The collection of financial literacy research from 1996 through 2015 evaluated in this literature review, used the scientific perspective prescribed by positivism. The research portrayed the positivist viewpoint of objectivity when assessing financial literacy around the world. Examples of the positivist perspective in current financial literacy research include: Atkinson and Messy (2012) who stressed analysis when reporting Organization of Economic Co-operation and Development (OECD)/International Network of Financial Education findings stating, “from analysis of data from each of these [14] countries focusing particularly on levels of financial literacy” (p. 6). Several researchers concentrated on the logical and mathematical or analytical nature of research in financial literacy. Knoll and Houts (2012) used modern psychometric techniques to analyze items from three national surveys. Research conducted by Lusardi and several associates simplified financial literacy measurement to a few questions to provide statistical interpretations and results (Lusardi, 2011, 2012a, 2012b; Lusardi & Beeler, 2007; Lusardi & Mitchell 2007a, 2007b, 2008, 2011a, 2011b, 2013, 2014; Lusardi & Scheresberg, 2013; Lusardi & Wallace, 2013). The

purpose of Huston's (2010) work was to "develop a more standardized measure of financial literacy" (p. 297). Nicolini et al. (2013) echoed the idea of positivist analysis stating,

most previous studies analyzed data about financial literacy from a single country or a subset of the population of a country. Additionally, the literature suggested the value of assessing financial knowledge lies in examining its relationship with financial behaviors. (p. 691)

Nicolini et al. (2013) brought the idea of behaviorism to financial literacy research.

Finke and Huston (2014) also identified with behaviorism when asserting "most of the research focuses on the impact of financial literacy on behavior or financial outcomes rather than the construct itself" (p. 66). Hung et al. (2009) made the connection between financial literacy research and Behaviorism when they contended "few studies have been able to construct a sophisticated measure of financial literacy and definitively establish causal links between financial education, literacy and behavior in the U.S." (p. 1). Robb and Woodyard (2011) analyzed "a composite measure of financial literacy" (p. 62) associated with behavior to understand the relationship. Assessing behaviors as an indication of financial literacy and suggesting a change in financial literacy will impact behavior was the focal point in much of the financial literacy research (Lusardi, 2011, 2012a, 2012b; Lusardi & Beeler, 2007; Lusardi & Mitchell 2007a, 2007b, 2008, 2011a, 2011b, 2013, 2014; Lusardi & Scheresberg, 2013; Lusardi & Wallace, 2013, Mottola, 2013; Nicolini et al., 2013; Robb & Woodyard, 2011; Scheresberg, 2013; Schmeiser & Seligman, 2013; Woodyard & Robb, 2012). Following the precedent set by these researchers, the basis for the present research was the positivist perspective.

Definitions of financial literacy. In discussing financial literacy, several terms were used by researchers to describe similar concepts. These terms included:

financial awareness, financial knowledge, financial skills, and financial capability. Three scholarly works in 2009 and 2010 focused on the definition, or lack of definition, of financial literacy. All three, *Defining and Measuring Financial Literacy* (Hung et al., 2009); *Measuring Financial Literacy* (Huston, 2010); and *Financial Literacy Explicated: The Case for a Clearer Definition in an Increasingly Complex Economy* (Remund, 2010), individually or in combination, were cited in the majority of research when defining financial literacy. Table 1 shows, by author(s), the number of times each article has been cited in academic journal articles.

Table 1

Number of Times That Financial Literacy Definition was Cited in Journal Articles by Author(s) Based in Google Scholar Citations

Researchers	Research Article	Cited <i>n</i>
Hung et al. (2009)	Defining and Measuring Financial Literacy	158
Huston (2010)	Measuring Financial Literacy	336
Remund (2010)	Financial Literacy Explicated: The Case for a Clearer Definition in an Increasing Complex Economy	191

Financial knowledge. Hung et al. (2009) prepared a Labor and Population working paper for the RAND Corporation providing “a review of theoretical and operational approaches to financial literacy, as well as a composite definition” (p. 22). Exploring the breadth of conceptual definitions, the Hung et al. (2009) research found knowledge (or understanding) was the most common basis for defining financial

literacy. According to Hung et al. (2009), definitions “focus primarily on the actual financial knowledge, rather than on skills, behavior or perceived knowledge” (p. 21), and proposed a composite definition of financial literacy: “Financial Literacy: knowledge of basic economic and financial concepts, as well as the ability to use that knowledge and other financial skills to manage financial resources effectively for a lifetime of financial wellbeing” (p. 20).

Huston (2010) examined 71 studies between 1996 and 2008 in a literature content analysis to “propose an approach, to develop a more standardized measure of financial literacy” (p. 297). While 72% of the studies did not include a definition of financial literacy, Huston (2010) identified eight definitions within the group of studies. Six of the eight definitions included knowledge, or understanding, and five referred to the ability to use knowledge or other critical thinking such as to make informed judgments, read, analyze, manage, and communicate. According to Huston (2010), the terms *financial literacy* and *financial knowledge* were used synonymously” (p. 303) in 47% of the studies examined. Huston (2010) indicated a financially literate person “has the knowledge and the ability to apply the knowledge” (p. 308).

Remund (2010) analyzed more than 100 resources evaluating the ways financial literacy has been interpreted and measured. Referring back to 2000, Remund (2010) identified “five categories: (a) knowledge of financial concepts, (b) ability to communicate about financial concepts, (c) aptitude in managing personal finances, (d) skills in making appropriate financial decisions, and (e) confidence in planning effectively for future financial needs” (p. 279). According to Remund (2010), the

common attribute of the financial literacy definitions is knowledge. Remund consolidates the many definitions of financial literacy as:

A measure of the degree to which one understands key financial concepts and possesses the ability and confidence to manage personal finances through appropriate, short-term decision-making, and sound, long-range financial planning, while mindful of life events and changing economic conditions. (p. 284)

Remund (2010) went on to refer to financial capability as “the next possible iteration of the financial literacy concept” posing the argument “knowledge is of little value without ability or skill” (p. 283). Other researchers expanded on this idea and weighed in on the relationship between financial literacy and financial capability.

Financial capability. When defining financial capability, Sherraden (2010) referred to scholars and practitioners in the United Kingdom and Canadian. The first to use the term financial capability, the United Kingdom’s government adopted the definition of financial capability as:

A broad concept, encompassing people’s knowledge and skills to understand their own financial circumstances, along with the motivation to take action. Financially capable consumers plan ahead, find and use information, know when to seek advice and can understand and act on this advice, leading to greater participation in the financial services market. (HM Treasury, 2007, p. 19)

Sherraden asserted financial literacy to be a necessary component of financial capability with capability representing the ability (knowledge, skills, confidence, and motivation) and opportunity to act (access to institutions and beneficial financial products). Barr (2004), Cover, Spring, and Kleit (2011), and Finke and Huston (2014), as well as numerous other researchers, addressed financial capability in terms of individuals’ abilities based on access. That is to say, an individual having financial knowledge, but no wealth to invest could have a high financial literacy assessment score, but no financial capability. According to Cover et al. (2011), *Minorities on the*

Margins? The Spatial Organization of Fringe Banking Services, the U.S. financial service sector functions on a two-tiered system: traditional banking and alternative banking services. Traditional banking services the middle- and upper-income households, while alternative banking services providers (payday lenders, check cashers, pawn brokers, and alike) accommodate low- and moderate-income households. There is a financial and physical divide between traditional and alternative banking service households with the traditional being more likely to be financially capable, while the alternative banking services households struggle for opportunities to become capable (Barr, 2004; Cover et al., 2011).

To Lachance (2014), financial capability represented a broader set of financial outcomes, citing the PACFC Executive Order 13520 (Executive Order 13520, 2010) to define financial capability:

Financial capability is the capacity, based on knowledge, skills, and access to manage financial resources effectively. In order to develop this capability, individuals must have appropriate access to and understanding of financial products, services and concepts. Financial capability empowers individuals to make informed choices, avoid pitfalls, know where to go for help, and take other actions to improve their present and long-term financial well-being. (Executive Order 13520, 2010, p. 1)

As a member of the group involved the with U.S. national financial literacy strategy development and implementation, the Financial Literacy and Education Commission (FLEC) felt consumers, and financial education providers needed defined competencies, stating, “the financial education field lacks a common understanding of what we [the FLEC] collectively are trying to achieve” (Financial Education Core Competencies, 2010, p. 52596). The lack of consistency or agreement in the definition of financial literacy was the grounds for this FLEC position. The concepts defined by

the FLEC to represent the core competencies are earnings, spending, borrowing, saving and investing, and protecting. These competencies represent knowledge content areas of financial literacy. The next section contrasts definitions that have been used in the literature.

Divergent definitions of financial literacy. Financial literacy has been defined in a multitude of inconsistent ways. Nicolini et al. (2013) conducted a meta-analysis comparative study across four countries concurring with Hung et al. (2009), Huston (2010), and Remund (2010) that the definitions by numerous scholars are inconsistent. Prior to the prominent articles by Hung et al. (2009), Huston (2010), and Remund (2010), Noctor, Stoney, and Stradling research for the National Foundation for Education Research (as cited in Atkins, McKay, Collard, & Kempson, 2010) defined financial literacy as “the ability to make informed judgments and to make effective decisions regarding the use and management of money” (p. 29). The 2012 OECD Pilot Study of 14 countries defined a financially literate person as one considered to “have some basic knowledge of key financial concepts and the ability to apply numeracy skills in financial situations” (Atkinson & Messy, 2012, p. 16). Behavioral economics’ standard definition is “having the knowledge, skills and confidence to make responsible financial decisions” (Altman, 2012, p. 677). Lusardi (2012b), and Lusardi and Mitchell (2007a, 2007b, 2007c, 2008, 2011a, 2011b, 2013, 2014) emphasized planning for retirement when defining financial literacy as knowledge of basic concepts to make savings and investment decisions. Lusardi and Tufano (2009) and Mottola (2013) expanded the definition to include the basic knowledge of compound interest in conjunction with making simple decisions regarding debt contracts (debt literacy).

Understanding financial market principles, instruments, organizations, and regulations or familiarity with basic economic principles, knowledge about U.S. economy, and key economic terms were considered financial literacy and tested in selected studies (FINRA Investment Education Foundation, 2013; National Council on Economic Education, 2005, 2014).

Mandell (2006, 2008) defined financial literacy for the Jump\$tart program as “the ability to use knowledge and skills to manage financial resources effectively for a lifetime financial security” (Jump\$tart Coalition, 2007, p. 1). Mandell’s (2006, 2008) definition was cited by Knolls and Houts (2012); Nicolini et al. (2013); and PACFL (2009) in addition to other researchers. ANZ Bank (2008, 2011) used a simpler definition: the use and management of money.

With the lack of an empirical unified consensus on the conceptual or operational definition of financial literacy, several attributes were applied to financial literacy (Huston, 2010; Kunovskaya et al., 2014; Nicolini et al., 2013). According to Fernandes et al. (2014), conceptually financial literacy refers to a skill. Knolls and Houts (2012) explained financial literacy as possessing two attributes: financial knowledge and financial skills. Hung et al. (2009) and Huston (2010) suggested financial literacy is made up of knowledge (financial concepts) and ability (application). Remund (2010) summarized financial literacy as knowledge (of financial concepts), ability (to communicate about financial concepts), aptitude (to manage personal finances), skill (in making appropriate financial decisions), and confidence (in planning for financial future). Economic behaviorists contended behavior is also an attribute of financial literacy (Altman, 2012; Schuchardt, Hanna, Hira, Lyons, Palmer, & Xiao, 2009). Many

definitions imply positive outcome of financial decisions based on knowledge, such as financial well-being or lifetime financial security (Hung et al., 2009; Knolls & Houts, 2012; Nicolini et al., 2013; PACFL, 2009).

The cornucopia of definitions of financial literacy includes many attributes: knowledge, skills, ability, aptitude, attitude, confidence, behavior, positive outcomes, financial well-being, and financial security. Finke and Huston (2014) suggested, “definitions of financial literacy that include behavior and/or financial outcomes fall outside the purview of human capital and are not as useful from a research perspective” (p. 67). Huston (2012) explained financial literacy as a specific knowledge and set of skills representing a form of human capital. Finke and Huston (2014) characterized financial decision-making, financial behavior, financial outcome/well-being, and financial education as a distinct and different construct than personal finance. Finke and Huston (2014) also noted that if “the goal of research is to understand how human capital specific to personal finance is related to financial behavior and outcome, then the financial literacy concept needs to be limited to the knowledge and skill level of individuals” (p. 67).

Some researchers agreed financial literacy is a form of quantitative literacy, often called numeracy (Gilliland, Melfi, Sikorskii, Corcoran, & Melfi, 2011). Research supports the link between financial literacy and quantitative literacy. Examination of financial literacy assessment questions confirmed quantitative literacy as an underlying component based on the frequent requirement of mathematical calculation (Agnew et al., 2013). Quantitative reasoning entails understanding why a selected course of action is justified, while quantitative literacy is the ability to read and interpret

graphs and numerical calculations (Lusardi & Wallace, 2013). Numeracy, quantitative literacy, and quantitative reasoning are interrelated with financial literacy (Scheresberg, 2013). Lusardi and Mitchell (2013) considered numeracy a fundamental concept at the root of financial literacy related decisions. With this in mind, they developed five questions, also known as the *Big Five*, to assess financial literacy, numeracy, and capability to include calculations related to interest rates (Hastings, Madrian, & Skimmyhorn, 2012; Lachance, 2014; Lusardi & Mitchell, 2013). Researchers agreed numeracy, quantitative literacy, and quantitative reasoning cast a wider net of abilities than financial literacy (Agnew et al., 2013; Gilliland et al., 2011; Lusardi & Mitchell, 2013; Scheresberg, 2013). This research considered financial literacy a subset of numeracy, quantitative literacy, and quantitative reasoning and focused on the knowledge aspect of financial literacy alone.

Decomposing definition of financial literacy. With numerous interpretations of financial literacy by various researchers and scholars, breaking the phrase *financial literacy* into its components, the words *financial* and *literacy*, may shed light on the meaning. Shuttleworth (2009) indicated each word separately represents a myriad of issues that together easily lose their relevance. Defining financial, Shuttleworth (2009) used the words: economic, business, commercial, monetary, fiscal, and pecuniary. Mckenzie (2009) traced the origins of the use of literacy from 1432 Latin word *litterae* meaning letters or literature to the 1886 word *literate* and finally to the present-day meaning that is often defined as “the state of being educated, instructed or learned” (Mckenzie, 2009, p. 27). Simply stated, literacy is competence, in particular, type of

knowledge within a particular subject. McKenzie (2009) also noted synonyms of literate, knowledge, and competence are proficiency, resourcefulness, and skilled.

Examining the conceptual definition of literacy, Remund (2010) looked outside the arena of financial services to the familiar use of literacy relates to reading. Inspecting the definition of literacy in the context of learning to manage money, Remund (2010) proposed the higher-order competencies (e.g., ability to calculate numbers and understand basic economic concepts). Remund (2010) claimed competencies of financial literacy are more complicated to achieve than simply to read, write, and speak. The obvious recurring theme throughout researchers' financial literacy definitions is knowledge or understanding (Hung et al., 2009; Huston, 2010; Remund, 2009). Summarizing the individual definitions of each word in *financial literacy* to derive an operational definition, financial literacy is knowledge and understanding of information related to money, enabling an individual the ability or skill to make effective decisions about money matters or situations.

Throughout the literature, the terms *financial literacy* and *financial capability* were used interchangeably (Kunovskaya et al., 2014; PACFC, 2013a; HM Treasury, 2007). Lachance (2014) and PACFC (2013a) defined financial capability as focused on a broader set of outcomes than financial literacy. They advocated financial capability addresses the contextual, cultural, and environmental aspects of the individuals' interactions with money (HM Treasury, 2007; Lachance, 2014; PACFC, 2013a). Reflecting on researchers' interpretation of financial literacy vs. financial capability, the two are not interchangeable. Furthermore, financial literacy is a necessary attribute to reach financial capability. But, financial literacy does not ensure financial capability.

Hung et al. (2009), Huston (2010), Lee and Hanna (2014), Mason and Watson (2000), Sheraden (2010), and Shuttleworth (2009) moved beyond defining financial literacy to develop models showing the attributes of financial literacy. The attributes of all of these researchers' models provided the foundation to conceptualize the model for this research. Next, this research's financial literacy model is defined.

Model of financial literacy. The financial literacy model for this study was based on synthesizing the research of Hung et al. (2009), Huston (2010), Lee and Hanna (2014), Mason and Watson (2000), Sheraden (2010), and Shuttleworth (2009). These researchers portrayed financial literacy in six different conceptual models. Each model provided a visual exploration of the attributes of financial literacy. The attributes of these models can be divided into three domains: cognitive, affective, and social.

According to Kolb (1984), "learning is the major process of human adaptation" (p. 32). Kolb (1984) viewed the learning process from an experiential perspective. He emphasized adaptation rather than content or outcomes. Kolb (1984) believed knowledge was continuously created and recreated in a transformative process. He also thought learning transformed both objective and subjective knowledge during the experience. Drawing on the works of Dewey, Lewin, Piaget, James, Jung, Freire, Roger, and others, Kolb and Kolb (2005), determined experiential learning is a holistic process of adaptation to the world that involves more than the cognition, also including feeling, perceiving, and behaving. Defining learning from this perspective sets the foundation for the cognitive, affective, and social dimensions of acquiring knowledge (James & Blank, 1993; Kolb & Kolb, 2005). Applying this to financial literacy knowledge, cognitive includes tested (objective) knowledge, skills (using financial

information), and self-assessed (subjective) knowledge. Affective is an individual's attitude and behavior related to money and financial activities. Social includes experiences with, and socialization around, money such as financial activities, inclusion, resources, and access to financial knowledge, information, and services. Table 2 summarizes the three domains by researcher(s) and journal article, report, or dissertation.

A useful working model providing a foundation for measuring financial literacy requires the ability to assess the components. Adapting and synthesizing all of the models generated by other researchers into one simplified perspective facilitates linking an assessment to a model component. The model developed for this research starts with the attribute domains: cognitive, affective, and social. These three domains exist within an individual to form their total financial literacy. Financial products, information, resources, and inclusion exist outside an individual and are necessary for financial capabilities.

The Financial Literacy/Capability model (Figure 1) considers financial literacy an integral part of financial capabilities. In order for financial capacity to exist, financial information and products must be available together with financial resources and inclusion in cooperation with access to financial markets and products. As noted by Lachance (2014) and Sherraden (2010), financial capability is a broader concept that takes in financial plains outside of the individual. Economic circumstances and inclusion in the financial community are factors contributing to the individual's financial capability. Circumstances and community determine access to financial products (i.e., checking accounts, credit cards, loans, mortgages, retirement savings, annuities, IRAs,

Table 2

Financial Literacy Attributes by Domain, Researcher(s), and Journal Article, Report or Dissertation

Researcher(s)	Article/Report/Dissertation	Cognitive			Affective		Social			
		Knowledge	Skills/ Application/ Using Financial Information	Perceived Knowledge	Behavior	Attitude	Experiences	Socialization	Inclusion	Resources
Mason and Watson (2000)	<i>Conceptualizing Financial Literacy</i>	X	X							X
Hung et al. (2009)	<i>Defining and Measuring Financial Literacy</i>	X	X	X	X					
Shuttleworth (2009)	<i>Towards a financial literacy model as a coordinating interface between information and decision makers</i>	X	X					X		
Huston (2010)	<i>Measuring Financial Literacy</i>	X	X		X	X	X	X		
Sherraden (2010)	<i>Financial Capability: What is It, and How Can It be Created?</i>	X	X					X	X	
Lee and Hanna (2014)	<i>Gender Differences and Asian College Students' Financial Knowledge Pathways</i>	X			X	X	X			

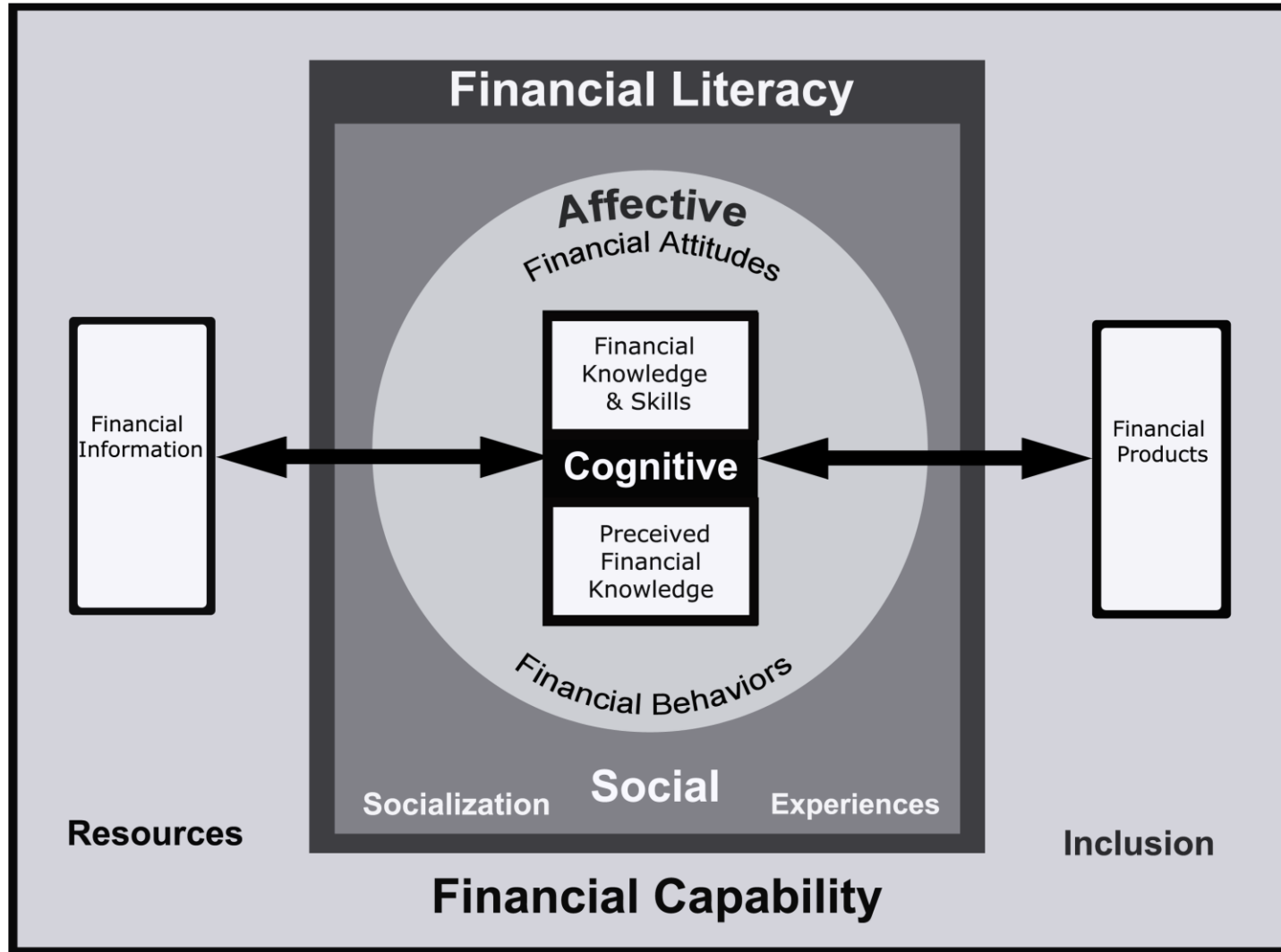


Figure 1. Financial Literacy/Capability model summarizing the financial literacy attributes relationships within financial capabilities

401Ks, stocks, and mutual funds) and related information (Barr, 2004; Cover et. al., 2011; Finke & Huston, 2014).

Shuttleworth (2009) saw financial literacy as a conduit for this information. Inspecting the financial literacy aspect of the Financial Literacy/Capability model, the three attribute domains (cognitive, affective, and social) are clear. Knowledge (cognitive) is the common attribute present in all the models and definitions (Carlson et al., 2009; Fernandes et al., 2014; Hsu, 2011; Hung et al., 2009; Hung et al., 2012; Huston, 2010; Lee & Hanna, 2014; Mason & Watson, 2000; Remund, 2010; Sherraden, 2010; Shuttleworth, 2009). Except Lee and Hanna (2014), all models also included skills. Financial knowledge and skills are the primary attribute of the cognitive domain of financial literacy. Perceived knowledge is the secondary attribute of cognitive. Only Hung et al. (2009) included perceived knowledge in their model. However, numerous researchers have evaluated perceived knowledge comparing it to tested knowledge or financial behaviors and financial well-being. Correlations between perceived knowledge and tested knowledge indicate perceived knowledge is a significant factor in the analysis of financial literacy (Allgood & Walstad, 2012, 2016; Carlson et al., 2009; Collins, 2013; Fernandes et al., 2014; Finke & Huston, 2014; Huston, 2012; Lee, & Hanna, 2014; Miller et al., 2014; Nicolini et al., 2013; Shim, Serido, Bosch, & Tang, 2012; Robb & Woodyard, 2011; Tokar-Asaad, 2015; Van Rooij et al., 2011).

Looking at the affective domain, the models developed by Hung et al. (2009), Huston (2010), and Lee and Hanna (2014) included attitudes and/or behaviors. The Hung et al. (2009) model showed an interaction between financial knowledge and financial behavior with knowledge directly impacting behavior and behavior indirectly

impacting knowledge. Huston's (2010) model indicated knowledge and attitude separately impact behavior. Lee and Hanna's (2014) model suggests financial knowledge impacts attitude and behavior separately, and attitude also impacts behavior after the effects of financial knowledge. For Lee and Hanna (2014), knowledge (cognitive) was a fundamental part of behavior (affective). In previous models, financial knowledge was portrayed as impacting behavior or impacting attitude. Attitude was reflected as connected to behavior. This working model considers financial knowledge, whether tested or perceived, existing within behavior and attitude. Attitude and behavior can materialize no matter what the level of knowledge. Behavior may also be independent of knowledge. For this reason, knowledge resides within behavior and attitude.

The cognitive and affective domains of financial literacy exist within the social. Sherraden (2010) proposed economic socialization influences financial education. Huston (2010) also included a facet of socialization within the model calling it *cultural familial influence*. Shuttleworth (2009), Huston (2010), and Lee and Hanna (2014) included experiences, another trait of social, in their models. In this study's model, the experience and socialization aspects of financial literacy are included in the social domain, while cognitive and affective domains exist within social.

The Financial Literacy/Capabilities model places financial literacy within financial capabilities interacting with financial information and financial products. Total financial literacy is the combination of cognitive, affective, and social domains. The cognitive domain of financial literacy, knowledge including both tested and perceived, was the

focal point of this study. Next, the instruments used to assess financial knowledge are examined.

Financial literacy assessment instruments. In *Assessing Financial Literacy*, Huston (2012) posed the question “What to include in a financial literacy assessment?” (p. 111). In response to this question, Huston (2012) identified “the three C’s namely, assessment context, concept, and content” (p. 111). Acknowledging context and concept must align with the assessment goals and objectives; Huston (2012) focused on content.

All financial literacy researchers considered tested knowledge a primary focus of financial literacy. However, there was no single agreed-upon instrument to assess financial literacy (Huston, 2010; Remund, 2010). Several different instruments were used to assess tested and/or perceived financial knowledge. Next, the content of existing financial literacy assessment instruments is reviewed.

Financial literacy assessment content. Remund (2010) reviewed research studies between 2000 and 2006 identifying the four most common content topics within financial literacy as budgeting, saving, borrowing, and investing. Finke and Huston’s (2014) Financial Literacy Assessment Test (FLAT) covered four content areas for tested knowledge: (a) money basics, (b) borrowing, (c) investing, and (d) protection (Finke & Huston, 2014). The FLAT content areas somewhat align with the FLEC core competencies defined by the U. S. Treasurer (Financial Education Core Competencies: Comment Request, 2010). Table 3 is summary and comparison of the Finke and Huston (2014) FLAT and the FLEC content categories together with the five to eight financial literacy concepts included in each.

Table 3

Summary and Comparison of Financial Literacy Content Categories Defined by FLEC and FLAT

FLEC (U.S. Treasury, 2010)	Finke & Huston (2014)	Concepts Included in Categories
<p>Earning: Gross vs. net pay, benefits, & taxes¹, Sources of Income</p> <p>Spending: Prioritizing spending choices, Long-term vs. Short-term spending, purpose, & use of checking accounts</p>	<p>Money Basics: Compound interest², Time value of money¹, purchasing power, transaction (checking) accounts, budgeting, cash flow, & balance sheets</p>	<p>Compound interest, Time value of money, purchasing power/inflation, personal financial statements (balance sheet, cash flow, budget, & ratios)</p>
<p>Borrowing: cost of borrowing, credit scores</p>	<p>Borrowing: Use of credit & loan products (e.g., credit cards, consumer loans or mortgages)</p>	<p>APR, finance charges, loan terms, credit scores, type of borrowing (e.g., education, home, vehicles)</p>
<p>Saving & Investing: Compound interest², Time Value of money², Savings account/Certificates of Deposit, Investment products (bonds, stocks mutual funds)</p>	<p>Building: Certificates of deposit, stocks, bonds, mutual funds</p>	<p>Compound interest, Savings accounts/Certificates of deposit, stocks, bonds, mutual funds</p>
<p>Protecting: Risk management, emergency fund, insurance, fraud/scams/identity theft</p>	<p>Capital protection: Managing risk, insurance (e.g. property health, disability income, life), diversification, tax¹/estate planning</p>	<p>Investment product risk (stocks vs. bonds vs. mutual funds), insurance protection</p>

Note. ¹FLEC (2010) includes taxes in earnings content area, while Finke & Huston (2014) include tax planning in capital protection. ² FLEC (2010) includes compound interest and time value of money in savings and investing content area, while Finke & Huston (2014) include it in money basics content area. APR=Annual percentage rate.

Since 2004, numerous researchers studying adult financial literacy have used data from six publically available data collections surveys: (a) Health and Retirement Study (HRS), (b) De Nederlandsche Bank Household Survey (DHS), (c) Rand American Panel Life (ALP), (d) National Financial Capability Study (NFCS), (e) TNS Global, and (f) World Bank Group. Four of the surveys (HRS, DHS, ALP, & NFCS) used either the *Big Three* or *Big Five* questions. Questions for the fifth survey, TNS Global, designed by Lusardi and Tufano (2009) deviate from the *Big Five* theme of savings and investment addressing debt literacy. The sixth survey, World Bank Global, was not administered in the United States; however, two of the four financial literacy questions used in World Bank Global were similar to *Big Five* questions. HRS, AP, and NFCS surveys strictly concentrate on the United States population.

These surveys contained 36 different questions in ten concept areas focusing on tested financial literacy. As a group, the questions cover short-term financial literacy topics (25%) and long-term financial topics (75%). Basic financial literacy knowledge was tested in 47% of the questions, while advanced knowledge was tested in the remaining 53%. Five of the questions were the *Big Five*.

Big Five financial literacy questions. Many of the academic articles discussing tested financial literacy scores cited in this literature review are based on five primary questions assessing tested financial knowledge. See Appendix A for a copy of the *Big Five* financial literacy survey questions. Lusardi and Mitchell (2011b) evolved the five standard questions from three questions created for the 2004 HRS study. Initially, four key principles were used to develop the questions: (a) simplicity, (b) relevance, (c) brevity, and (d) capability to differentiate.

According to Lusardi and Mitchell (2011b), the goal was to create a small number of questions that would be “relevant across ethnic/cultural groups rather than focus on any specific market” (p. 498) with the expectation of translation to an international context.

Economic models of saving and portfolio choice were the basis of the initial three questions concentrating on economic concepts needed to make financial decisions: (a) understanding compound interest, (b) understanding inflation, and (c) understanding risk diversification. Questions covering mortgage interest and interest rates vs. bond prices were added to complete the five questions. Keeping the number of questions to a minimum was to encourage widespread adoption. It was Lusardi and Mitchell’s (2011b) intent to measure basic financial concepts using questions “pertinent to people’s day-to-day financial decision over the life cycle” (p. 498).

The five questions designed by Lusardi and Mitchell focused on financial concepts most important to retirement planning, and long-term money management. Knolls and Houts (2012) noted the questions “are skewed toward investing and savings knowledge” content areas” (p. 406). FLEC core (i.e., earning, spending, saving, borrowing, and protecting against risk) represent balanced content areas competencies (Financial Education Core Competencies: Comment Request, 2010). Financial knowledge covering to day-to-day money management such as cash-flow, budgeting, and credit cards was not assessed by the *Big Five* (Knolls & Houts, 2012). Surveys with more questions existed, but were not as frequently used as the Lusardi and Mitchell questions. Ultimately, Lusardi and Mitchell (2011b) designed the survey

questions to differentiate financial knowledge levels of study participants by making scores on a common set of questions comparable.

Lusardi was credited with creating the standard in financial literacy assessments and has an international reputation for work in financial literacy. Publishing 25 National Bureau of Economic Research (NBER) working papers on the subject (NBER, n.d.), Lusardi was the founder and director of Global Financial Literacy Excellence Center (GFLEC, 2016a) as well as the director of RAND Labor and Population Financial Literacy Center (RAND Financial Literacy Center, 2016a, 2016b). Considered a pioneer in the study of financial literacy, Lusardi received the 2014 William A. Forbes Public Awareness Award bestowed by Council for Economic Education (PRWeb, 2015). Morrison, CEO and President of Council for Economic Education, comments on the award saying, "Through groundbreaking work as a researcher and advocate, Lusardi has been a leading voice in the national conversation on financial literacy, raising global awareness of its critical need" (PRWeb, 2015, para. 5).

The *Big Five* financial literacy questions Lusardi developed with Mitchell (Lusardi & Mitchell, 2011b) were not without shortcomings. Critics have suggested the five questions are narrow coverage and lack of breadth. Nicolini et al. (2013) in *Financial Literacy: A Comparative Study Across Four Countries*, states:

While the Lusardi and Mitchell questions are a start, they cover a relatively narrow range of content. Little is known about how well responses to these questions correlate with knowledge about other aspects of financial management. In addition, all the questions include numbers; it is unknown whether they assess financial literacy or numeracy or both (pp. 697-698).

Finke and Huston (2014) identified the main drawback of the Lusardi and Mitchell (2007a, 2007b, 2007c, 2008, 2011a, 2011b, 2014) *Big Five* questions as the lack of

items in the area of borrowing and protections of resources. According to Huston (2010), *Measuring Financial Literacy*, “initial instruments consisting of as few as three items would appear to be deficient to capture the breadth of human capital specifically related to personal finance” (p. 309).

Evaluation of assessments. Although a number of researchers have reviewed the literature and compared financial literacy assessment scores based on type and composition of participants, only three journal articles have evaluated the quality of financial literacy assessment test questions. Knoll and Houts (2012), *The Financial Knowledge Scale: An Application of Item Response Theory to the Assessment of Financial Literacy*, focused on psychometrically developing a more systematic and consistent approach to assessing financial literacy knowledge. In *Evaluation of a Financial Literacy Test Using Classical Test Theory and Item Response Theory*, Kunovskaya et al. (2014) evaluated the quality of a six-item financial literacy test used in World Bank Financial Capability and Consumer Protection Surveys and the De Nederlandsche Bank. The six questions were adapted from those used by Lusardi and Mitchell (2007a, 2007b, 2008, 2011a, 2011b), Van Rooij et al. (2011), and Cole, Sampson, and Zia (2009). Finally, Fernandes et al. (2014) developed a 13-items scale with psychometric properties in conjunction with a meta-analysis of 168 papers covering 201 prior studies. Each article looked at financial literacy assessment questions from a different perspective.

Knoll and Houts. Evaluating financial literacy questions from large-scale surveys (ALP, HRS and NFCS), Knoll and Houts (2012) used the Item Response Theory model to identify 20 items for inclusion in a general-purpose assessment tool. Knoll and Houts

select 20 items for the general-purpose assessment tool to ensure a broad range of practical topics with a wide range of difficulty parameters. Items were limited to 20 to reduce possibilities of respondent fatigue and allow the assessment to be acceptable for inclusion in large-scale surveys (Knoll & Houts, 2012). Item Response Theory described how each question performs in a population. It used a collection of statistical models to determine values for each question. The quantitative values were then used to develop a scale to analyze and inform which questions to include in the financial literacy assessment (Knoll & Houts, 2012).

According to Knoll and Houts (2012), the 20-question scale “provides *empirical* support for the ‘goodness,’ or suitability, of several of the most commonly used questions to measure financial knowledge” (p. 404). Knolls and Houts’ (2012) goal was to provide an empirically tested comprehensive index of the tested financial knowledge while reducing variability in the measurement. To support the appropriateness and predictive nature of the scale, exercises confirming the validity of the questions were conducted.

Kunovskaya, Cude, and Alexeev. Using both the Classical Test Theory and the Rasch model, a form of Item Response Theory, Kunovskaya et al. (2014) administered a six-question assessment in Azerbaijan (situated at the crossroads of Eastern Europe and Western Asia), Romania, and Russia. The goal of Kunovskaya et al.’s (2014) research was to thoroughly evaluate the construct validity and reliability through rich information about individual and grouped items statistics.

Kunovskaya et al.’s (2014) findings included moderately high internal consistencies across countries, high reliability measured by an item separation and

reliability index, and sufficiently good overall fit. Rasch evaluation also specified problems with the money illusion and interest rate questions indicating a misfit with reliability indexes. The overall conclusion by Kunovskaya et al. (2014) was that a financial literacy assessment required more items with varied difficulties.

Fernandes, Lynch, and Netemeyer. In developing a financial literacy assessment instrument, Fernandes et al. (2014) reduced the items used in previous research from 26 items to 13 and conducted three separate studies. Fernandes et al. (2014) performed procedures “(a) to reflect widely adopted definitions of the concept; (b) to tap its key agreed-upon content domain areas; and (c) brief enough to encourage study participation in survey or experimental research” (p. 75). In the initial study, psychometric properties of one-factor confirmatory Item Response Theory, Rasch modeling, reliability, and construct validity testing were established. In the second and third studies, a two-factor model of the financial literacy and numeracy items was used to correlate both financial literacy and the financial behaviors to confidence in financial information search, planning for money long term, willingness to take investment risk.

Across all three studies, Fernandes et al. (2014) performed correlations with other factors (i.e., preference for numerical information, attitude toward/concern for money scale, spendthrift-tightwad scale, cognition scale, numeracy scale, confidence in financial information search scale, and planning for money in the short-run. Using correlations, construct validity was confirmed in all significant expected or predicted directions.

Summary of evaluations. The key finding identified in the Fernandes et al. (2014), Knoll and Houts (2012), and the Kunovskaya et al. (2014) articles applying to

this research study was the suggestion for the number of items in a financial literacy assessment instrument. Recommending the number of items be larger than five, these researchers also cautioned the number should not be too large to prevent fatiguing or causing unease to participants. Kunovskaya et al. (2014) determined three to five items per concept were more appropriate than only one as in the *Big Five*. Knoll and Houts (2012) and Finke and Huston (2014) also noted this finding. Kunovskaya et al. (2014) suggested a greater number of questions would support including questions with differing degrees of difficulty. Knoll and Houts (2012) believed a 20-question assessment would allow for basic and advanced (or more sophisticated questions) within a mix of financial literacy topics. The need for a more balanced mix between content areas, for example, the distribution between the FLEC core competencies rather than a heavy emphasis on investment and savings, was also suggested. Knoll and Houts (2012) selected 20 items for inclusion based on item response theory analysis. Knoll and Houts' goal was to identify a general-purpose assessment tool to cover a comprehensive range of substantive topics and include a reasonably wide range of difficulty factors sufficiently. Finally, the financial literacy assessment questions evaluated by these researchers were psychometrically tested for validity and reliability (Fernandes et al., 2014; Finke & Huston, 2014; Knoll & Houts, 2012; Kunovskaya et al. 2014). The suggestion for the number of assessment questions in an instrument was used as a target in developing the instrument for this study.

Summary

Financial literacy has been a subject of concern for over 200 years. In recent years, the financial turmoil around the world has escalated the concern. Researchers

evaluating the level of financial literacy within populations around the world have deemed it is below acceptable levels. The global financial crises in 2008 and 2009 renewed interest in financial literacy. An abundance of researchers, government agencies, and private organizations came forward to look for a cause and possible solution. There still is no agreed-upon definition of financial literacy or standard measurement assessment (Hung et al., 2009; Huston, 2010; Remund, 2010).

None-the-less, financial literacy has been researched around the world. In the United States, much of the research has been based on four reoccurring surveys, Jump\$tart, Health and Retirement Survey (HRS), American Life Panel (ALP), and National Financial Capabilities Study) NFCS. The findings associated with data from these surveys concurred with each other that financial literacy is low, with women, young adults, older adults and ethnic groups below average. The only financial literacy research for the state of Florida was based on Florida data extracted from in the NFCS State-by-State survey. No research related to small business owners in the U.S. or in the state of Florida has been published.

This study aimed to investigate the financial literacy continuing professional educational needs of the Florida small business owners with a focus on gender, age, education level, and small business classification differences. The financial literacy assessment instrument used in this study was developed from assessment questions used in prior research.

Chapter 3

Methods

The purpose of this study was to assess the financial literacy continuing professional education cognitive needs of Florida small business owners. This chapter defines and discusses the research questions, population and sample, instrumentation, data collection, data analysis, and summary.

Research Design

This research study was a nonexperimental quantitative survey design. This type of research investigates relationships between variables, but does not manipulate the variables (Ary, Jacobs, & Sorenson, 2010). Survey research represents studies primarily relying on questionnaires or interviews for data collection (Gall et al., 2007). A questionnaire instrument developed for this study was used to identify the financial literacy profile of Florida small business owners. The questionnaire included financial literacy assessment scores of tested knowledge and self-assessed financial knowledge as well as demographic information related to gender, age, education level, and small business classification.

Research questions. Based on prior research, this study investigated the following research questions:

1. What is the financial literacy profile of the Florida small business owners?
2. What are the direction and extent of differences in the financial literacy profile by gender?

3. What are the direction and extent of differences in the financial literacy profile by age?
4. What are the direction and extent of differences in the financial literacy profile by education level?
5. What are the direction and extent of differences in the financial literacy profile by small business classification?

Variables. There were six variables in this study. The variables were: tested knowledge, self-assessed knowledge, gender, age, education level, and small business classification. Each variable's format of response, type, and level of variable is detailed in Table 4. Tested knowledge and self-assessed knowledge were response variables (dependent variables).

Table 4

Profile of Variables Related to the Conduct of the Study

Variable	Format of Response	Type	Level of Variable
Tested knowledge	Number correct	Response/ Criterion	Interval
Self-assessed knowledge	1 to 7	Response/ Criterion	Interval
Gender	Male=0 Female=1	Explanatory/ Predictor	Nominal
Age (adults, 18+)	In years (four age groups based on year of birth)	Explanatory/ Predictor	Ratio
Education Level	Level of schooling (4 levels)	Explanatory/ Predictor	Ordinal
Small business classification	Categories 1 through 3	Explanatory/ Predictor	Nominal

The explanatory variables (independent variables) were gender, age, education level, and small business classification.

Population and Sample

Participants for this study were selected from small businesses registered with the West Central region of the Florida Small Business Development Center Network (FSBDCN). The FSBDCN serviced over 13,000 small business owners in 2012 (FSBDCN, 2016b). The West Central region is one of the 10 FSBDCN regions throughout the State of Florida. The sample of small business owners registered with the West Central region is representative of the Florida small business population. The director of West Central region of the FSBDCN, E. Rodriguez, and the FSBDCN state director, M. Myhre, were supportive of this research, as the researcher has been an FSBDCN Certified Business Analyst in the West Central region since 2011. E. Rodriguez agreed to provide access to the network clients for sampling (personal communication, December 10, 2014). In June 2015, M. Myhre provided the IRB (Institutional Review Board) with a letter of support. See Appendix B for a copy of the letter of support from the FSBDCN state director. West Central Florida region FSBDCN clients receive consulting services from the non-profit public outreach of the University of South Florida business department at no charge. As part of the consulting services agreement, clients agree to participate in FSBDCN surveys. Based on this agreement, it was reasonable to expect FSBDCN clients would participate in this research study.

The desired sample size, calculated using a confidence level of 95% with a confidence interval of 5%, was 160. This was based on power of .80, α at .05, and the effect size (ES - f^2) of .25 effect size. For a one-way ANOVA with four groups, the

required sample size was $n = 160$ (Stevens, 2007). With three groups and an effect size of .25, the sample size was $n = 120$ (Stevens, 2007, p. 415).

The effect size of .25 was deemed reasonable based on three studies conducted by Fernandes et al. (2014) developing an instrument for a correlational study to measure financial literacy and financial behaviors. Included in the studies were correlations of financial literacy with gender, age, education, and self-efficacy (self-assessed knowledge). Table 5 shows results of the Fernandes et al. (2014) studies showing correlations of financial literacy with gender, age, education, and self-efficacy. According to Cohen (1992), Pearson Product-Moment Correlation (r) of the population is considered the effect size. The Fernandes et al. (2014) correlation results for the effect size ranged from .20 to .51. Using a .25 effect size was consistent with the research performed by Fernandes et al. (2014). The actual sample size of completed surveys was 156.

Table 5

Fernandes, Lynch, and Netemeyer (2014) Correlations of Financial Literacy with Gender, Age, Education, and Self-Efficacy

Variable	Study 1 r	Study 2 r	Study 3 r
Gender	0.26	0.26	0.21
Age	0.28	0.35	0.20
Education		0.29	0.51
Self-Efficacy			0.21

Instrumentation

The instrument developed for this survey consists of three parts: (a) demographic data, (b) tested knowledge, and (c) self-assessed knowledge. Demographic data were collected to answer research questions related to gender, age, education level, and small business classification. This data included: gender, age group (based on age, determined by year of birth), education level, number of years in business, and number of employees. The form of the demographic data collected was as follows: gender was coded as either male (0) or female (1), while the age group was based on year of birth. The age groups were coded 1 through 4 and included (a) 18 to 40 years, (b) 41 to 50 years, (c) 51 to 60 years, and (d) 61 years and over. Education level was based on the following four categories (coded 1 through 4): (a) high school, (b) Associates degree, (c) Bachelor's degree, and (d) Master's degree or higher.

The tested knowledge portion of the instrument included 18 items. The content areas covered comprised money basics, borrowing, building assets (savings and investments), and protecting assets (diversity and risk management). According to Financial Literacy and Education Commission (FLEC) (2010) and Finke and Huston (2014), these four areas create a comprehensive view of basic financial literacy. Money basics covered the concepts of compound interest, time value of money, and personal net worth. Annual percentage rate (APR), finance charges, loan terms, credit scores, and type of borrowing (e.g., education, home, vehicles) were covered under the borrowing category. Building assets included concepts of compound interest, savings accounts/certificates of deposit, stocks, and mutual funds. Investment product risk and risk diversification were included in protecting assets. Tested knowledge scores were

reported based on the number of correct responses method, one of the two common assessment-scoring methods (Cude, Kunovskaya, Kabuci, & Henry, 2013). The second method is the percentage correct. Both methods yielded the similar statistical outcomes in this study. In addition to the possible true/false or multiple-choice questions, participants also had the ability to answer these questions with the responses *Don't know* and *Prefer not to say*. These additional responses were used in the Health Retirement Study (HRS), American Life Panel (ALP), and National Financial Capabilities Study (NFCS) surveys (Lusardi, 2011; Lusardi & Mitchell, 2007b, 2007c). Providing these options gave the participants alternative choices to guessing. *Don't know* and *Prefer not to say* answers were considered incorrect in determining tested knowledge.

Self-assessed knowledge was based on participants' responses to the questions reflecting self-confidence and beliefs about their financial knowledge using a 7-point Likert scale. The mean of the five self-assessed questions responses was used to determine the individual's self-assessed knowledge scores. The five self-assessed questions were modifications of the questions used in the NFCS survey (Lusardi & Mitchell, 2011), HRS (Lusardi & Mitchell, 2007a, 2007c, 2008), ALP (Lusardi & Mitchell, 2007b, De Nederlandsche Bank Household Survey (Van Rooij et al., 2009), Organization for Economic Co-operation and Development (OECD) surveys (Atkinson & Messy, 2012), the Cognitive Economics Survey (Hsu, 2011), and Financial Literacy Assessment Test (FLAT) (Finke, 2011; Finke & Huston, 2014; Huston, 2012).

Instrument development. The instrument for this study was developed from existing financial literacy tested and assessed knowledge questions. The sources used

for this process are listed in Table 6, which includes information about the sources used to develop the initial financial question pool. The primary purpose of the tested knowledge portion of the assessment instrument was to identify the level of financial literacy tested knowledge of participants. The self-assessed knowledge portion of the assessment instrument was to determine participants' level of confidence or self-perceived financial literacy. The mean scores from both sections were used to define the financial literacy profile of Florida small business owners.

A five-step process with three panels of experts and a field-test group detailed in Table 7 was used to develop the tested knowledge and self-assessed knowledge questions. The process involved the following steps:

1. Collect a pool of suitable financial literacy instrument questions. (Researcher)
2. Refining the pool of instrument questions by excluding question not meeting prescribed criteria and categorizing financial literacy concepts by content area. (Initial Panel)
3. Evaluating the appropriateness of question language, wording, assigned categories, rating difficulty, and ranking questions, level of appropriateness. This was undertaken for the tested knowledge. For the self-assessed knowledge, questions were evaluated for appropriateness of language and wording of the questions. (Validation and Verification Panels)
4. Evaluating questions for understandability, comprehension, and user difficulty. (Field Test Group)
5. Final review of the assessment instrument. (Final Review Panel).

Expert panels consisting of 32 individuals performed content validation procedures.

After evaluating questions for inclusion, the panel reviewed them for appropriateness of language, understanding of questions, and elimination of word bias on both tested knowledge and self-assessed knowledge questions. The panels also evaluated the assignment of content subjects to categories and question difficulty. The demographic profile of all panel members is compiled in Table 8, the expert panel demographics.

Table 6

Fourteen Sources Used to Develop Initial Financial Literacy Question Pool Including Criteria for Selection, Number of Questions (Initial, Eliminated, and Retained), and Participant Age and Originating Country

#	Survey	Researcher/ Author(s)	Year	Criteria	# of Questions	# Eliminated	Total # Retained	Participant age/country
1	Investing IQ	Volpe et al. (1996)	1996	2	10	1	9	18+; U.S.
2	Survey of Personal Financial Literacy	Chen & Volpe (1998)	1998	2	31	2	29	18-29; U.S.
3	Survey of Consumers	Hilgert, Hogarth, & Beverly (2003)	2002	2	28	4	24	18+; U.S.
4	HRS	Lusardi & Mitchell (2007c)	2004	1	3		3	> 50; U.S.
5	DHS	van Rooij et al. (2007, 2009)	2005	1	16	4	12	30 - 60; Non-U.S.
6	ALP	Lusardi & Mitchell (2007b)	2006	1, 2	23	17	6	18+; U.S.
7	TNS Global	Lusardi & Tufano (2009)	2007	1	3		3	18+; U.S.
8	Jump\$tart	Mandell (2008)	2008	2	31	7	24	15 - 19; U.S.
9	CogEcon	Delavande et al. (2008) Hsu (2011)	2008	2, 3	24		24	> 50; U.S.
10	NFCS	Lusardi (2011)	2009	1	5	4	1	18+; U.S.

Continued on the next page

Table 6 (continued)

Fourteen Sources Used to Develop Initial Financial Literacy Question Pool including Criteria for Selection, Number of Questions (Initial, Eliminated, and Retained), and Participant Age and Originating Country

#	Survey	Researcher/ Author(s)	Year	Criteria	# of Questions	# Eliminated	Total # Retained	Participant age/country
11	WBG	World Bank (2009)	2009	1	4	3	1	18+; U.S.
12	FLAT	Finke & Huston (2014)	2011	2	16		16	18+; U.S.
13	OECD	Atkinson & Messy (2011)	2012	2	8	4	4	18+; Non-U.S.
14	USIS	Alhenawi & Elkhal (2013)	2013	3	7	3	4	18+; U.S.
		Total			209	49	160	

Note. Survey: HRS--Health & Retirement Study, DHS—De Nederlandsche Bank Household Survey, ALP--American Life Panel, TNS Global--Taylor, Nelson, Sofres Global, CogEcon--Cognitive Economic Survey, NFCS--National Financial Capability Study, WBG--World Bank Global, FLAT--Financial Literacy Assessment Test, OECD--Organization for Economic Co-operation and Development, and USIS--University of Southern Indiana Survey; Selection Criteria: 1=Instruments receiving content evaluation (Fernandes et al., 2014; Knoll & Houts, 2012; Kunovskaya et al., 2014), 2=Instruments heavily cited in research covered in the literature review, 3=Instrument questions reviewed and developed through comprehensive research or psychometric processes variables (gender, age, education level, and small business classification)

Table 7

Research Process Steps to Achieve Content Validation

STEP #1 Researcher 1 Individual	STEP #1 Initial 12 Individuals	STEP #3 Validation Panel 4 Individuals	STEP #3 Verification Panel 4 Individuals	STEP #4 Field Test Group 12 Individuals	STEP #5 Final Review 3 Individuals
Select Questions From 14 sources: -182 questions - 8 Self-assess questions	160 Questions	64 Questions	28 Questions	20 Questions	18 Questions
1. Eliminate questions	2. Evaluated concepts, assign categories 3. Identify questions for Inclusion and Exclusion	4. Appropriateness -of Language -Word Bias Rate difficulty 5. Evaluate Inclusion, Identify Category	6. Verify Appropriateness -of Language -Word Bias -Categories -Difficulty rating	7. Reflective cognitive process 8. Initial test of Assessment 9. Feedback	10. Final Review

Note. Tasks description:

1. Detailed review and analysis of tested knowledge and self-assessed knowledge questions by Researcher to eliminate questions that are duplicates or similar wording, open-ended, dated content, contain currency/cultural bias, or are not a concept in the four categories.
2. Initial Panel reviews financial literacy concepts and assigns each to one of four financial literacy assessment categories.
3. Initial Panel reviews the tested knowledge questions for inclusion or exclusion to reduce the total number of questions.
4. Validation Panel's assesses the appropriateness of the questions: Language, word bias (tested knowledge and self-assessed knowledge) questions, and financial literacy category for each question (tested knowledge).
5. Verification Panel's assesses the appropriateness of the questions: Language and word bias. Then, agreement with questions categories.
6. Validation Panel rank order of question suitability within concept for inclusion in the final instrument.
7. Verification Panel rates each questions for difficulty (tested knowledge).
8. Two-three Field Test Group members perform reflective cognitive process with field test instrument.
9. Field Test Group completes the instrument and responds to online interview questions providing feedback of understandability and difficulty of questions.
10. Final Review Panel performs unstructured review of the instrument (18 questions).

Instrument development steps. A series of tasks was executed for the development and content validation process of this study's instrument. There were 10 separate tasks (reviews) within the five-step process aimed at reducing the pool of questions to the final instrument. There were defined goals for each review. The questionnaires and responses in the validation process of this study were also hosted on the Qualtrics' secured server. Qualtrics software enables researchers to collect data online through the use of survey questionnaires. Qualtrics.com was chosen because it provides features simplifying the process for the researcher and panel participants. The steps to validate the instrument were as follows:

Step #1. The researcher collected suitable financial literacy instruments based on the review of the literature. The pool of instruments contained 14 assessment instruments or groups of instrument questions, previously shown in Table 6. The selection of 14 instruments was based on the following criteria:

1. Instruments receiving content evaluation (Fernandes et al., 2014; Knoll & Houts, 2012; Kunovskaya et al., 2014).
2. Instruments heavily cited in research covered in the literature review, as shown in Table 9, Number of Times Researchers Were Cited.
3. Instrument questions reviewed and developed through comprehensive research or psychometric processes.

Table 8

Expert Panel Demographics

Category	<i>n</i>	%*
Gender		
Male	11	34.4
Female	21	65.6
Education Level		
Ph.D.	10	31.3
Ph.D. Candidate	5	15.6
MBA	8	25.0
Masters	6	18.8
Other	3	9.4
Credentials		
SBDC Certification	9	28.1
CPA Certification	7	21.9
Other Relevant Certification**	3	9.4
Total holding certifications	19	59.4
Area of Expertise		
Financial Literacy	12	37.5
Adult Education	10	31.3
Small Business	14	43.8
Banking, Financial Planning or Economics	12	37.5
Area of Employment		
Education	14	43.8
Business	18	56.3
Government/Other	3	9.4

* Percentage add to more than 100% due to panel members in more than one group; ** Other certification areas included: Valuation Analyst, Profit Mastery, and Economist & Policy Analyst

In Task #1, a total of 209 questions were accumulated from the 14 sources. This researcher reviewed all the questions for duplications or similarities in wording. Twenty-seven questions were recognized as duplications and were removed. See Appendix C for the list of the pool of financial literacy questions containing 182 questions. These questions were evaluated for any of the following conditions: open-ended questions, currency or cultural bias (international), dated content, and questions covering concepts outside of the four content areas identified in the literature review.

Table 9

Selection Criteria #2: Number of Times Researchers Were Cited

Researchers	Cited <i>n</i>
Hilgert, Hogarth, & Beverly (2003)	777
Chen & Volpe (1998) Volpe et al. (1996)	710
Mandell (1998, 2008) Mandell & Klein (2007, 2009)	632
Hung et al. (2009)	158

Note. Google Scholar Citations

During this evaluation, 22 questions were eliminated from the pool, leaving 160 for expert panel review. The summary of the disposition of the pool questions by source is included in Table 6, previously shown. With the first review of pool questions completed by this researcher, the Initial Panel content validation process began.

Step #2. The Initial Panel was asked to conduct two rounds of review:

(a) evaluating 28 financial concepts and assigning each concept to one of the four

content categories (Task #2) and (b) determination of inclusion or exclusion of the questions for the instrument (Task #3). This panel consisted of 20 individuals with backgrounds in education, accounting, financial planning, banking, or financial literacy. The panel was divided into five groups for the second round of review, and the question pool was systematically divided into sets of 32 questions. Each panel group received 32 questions to review. The panel members received explicit instructions with criteria for evaluating a portion of the total pool in Task #3. See Appendix D for the names of the initial panel members.

Initial Panel members were invited and confirmed via email in advance of receiving instructions. See Appendix E for the request for participation to potential panel members email. Once acceptance was confirmed, each panel member received an email with instructions and the link to an online tailored questionnaire. See Appendix F for the initial panel communication emails. See Appendix G for a copy of the initial panel round 1 online survey. Instructions were repeated on the opening screen of the online review survey. The panel members were first asked to evaluate financial literacy concepts for inclusion, followed by assigning included concepts to one of four financial literacy content categories (Task #2). Upon completion of Task #2, each panel member received another email with instructions to evaluate each question in a group of 32 questions for inclusion or exclusion in the knowledge test portion of the financial literacy instrument (Task #3). The email instructions included the link to another online tailored questionnaire with the instructions provided again on the opening screen (see Appendix F). See Appendix H for the copy of the initial panel round 2 online survey. Based on the Initial Panel's Round #2 review where each question was reviewed by four panel

members, the pool of questions was reduced from 160 to 64. A summary of the Initial Panel's disposition of the pool questions by source is also shown in Table 6.

Step #3. The Verification and Validation Panels completed a total of three rounds of review. The Validation Panel consisted of six individuals while the Verification Panel included three individuals (see Appendix D). Individuals for both panels had backgrounds in education, accounting, financial planning, banking, or financial literacy. Panel members were invited and confirmed via email in advance of receiving instructions. Each panel member received an email with instructions and the link to an online tailored questionnaire. Instructions were also on the opening screen of the online review survey. See Appendix I for a copy of the Validation Panel communication emails. See Appendix J for Verification Panel communication email.

In the Validation Panel first round, the remaining 64 questions were divided into two groups of 32. Each panel member reviewed 32 tested knowledge questions and the eight self-assessment questions. See Appendix K for a copy of the validation panel round 1 online survey. See Appendix L for a copy of the self-assessment financial literacy questions. During the review, the panel rated each tested knowledge question on a five-point scale for language, wording, and difficulty (Task #4). The scale for language was as follows: 1 meant *very unclear*, 2 *unclear*, 3 *neutral*, 4 *clear*, and 5 *very clear*. For wording or word bias, the rating scale was 1, *poor*, 2 *needs improvement*, 3 *neutral*, 4 *good*, and 5 *excellent*. Difficulty was rated as follows: 1 *too easy*, 2 *easy*, 3 *average*, 4 *difficult*, and 5 *too difficult*. When evaluating the eight self-assessment questions, the panel was asked to determine whether each should be included in or excluded from the instrument. During this round, the panel suggested exclusion of one self-assessed question. It was removed.

Once the Validation Panel had completed Task # 4 in the second round, the panel evaluated questions for inclusion in the instrument, and identified the categories each question addressed (Task #5). See Appendix M for a copy of the Validation Panel round 2 online survey. The self-assessment questions were evaluated for language and wording in this round using the same scale as was used for the tested knowledge questions.

After the Validation Panel completed both rounds of review and evaluation, the researcher analyzed the Qualtrics output to reduce the size of the question pool. First, all knowledge questions identified by the panel for exclusion were removed. Next, all questions rated *too easy* or *too difficult* were removed. All questions identified by the panel with language as very clear and wording as excellent or good were retained in the pool. Finally, any question the panel members suggested be retained with improved alternative wording was reworded and retained in the pool. The results of the Validation Panel review and researcher analysis reduced the pool of knowledge questions from 64 to 26.

Analyzing the self-assessment questions, the Validation panel suggested two questions be removed due to lack of relevancy. These questions were removed. Wording was adjusted on three questions to remove the possibility of misleading the respondents. During both rounds, the original eight self-assessment questions were reduced to six.

The remaining 26 knowledge questions and six self-assessment questions were presented to the Verification Panel for review. The panel was asked to evaluate each question and note agreement or disagreement for the following (Task #6): inclusion in the instrument, language, wording, difficulty rating, and categories questions addressed.

The panel was also asked to comment on any items of disagreement. See Appendix N for a copy of the verification panel online survey.

The results of the Verification Panel review were analyzed by the researcher. Six questions were removed from the tested knowledge question pool and wording adjustments were made to two questions. An additional self-assessment question was removed. The post-Validation Panel review instrument contained 20 tested knowledge and five self-assessed knowledge questions.

Step #4. Field-t evaluation of questions for understandability and difficulty was performed using two separate procedures: (a) reflective cognitive process evaluation and (b) field test. For the reflective cognitive process (Task #7), a brief reflective cognitive process evaluation was conducted with five individuals to provide response process evidence. The process was performed aloud and recorded. The individuals completing the process varied in ages (28, 31, 46, 60, and 73) and had business experience from two to over 20 years. Based on a review of the notes and recordings from the reflective cognitive process, the tested knowledge and self-assessed knowledge questions were appraised. Wording of six tested knowledge questions was slightly adjusted.

Prior to the cognitive interviews, this researcher identified the response pattern of the 20 questions finding the mix between true/false and multiple-choice was 60-40. Of the 12 true/false questions, 11 had true responses. Three of these questions identified for wording were changed to create false correct responses. During the cognitive process, each individual gave feedback comparing the true version to the false version. All individuals agreed. The false version properly tested the same content. A total of nine questions were slightly revised based on the reflective cognitive process.

Following the reflective cognitive process, the field test group completed the assessment (Task #8) and provided feedback about to the understandability and difficulty of the questions (Task #9).

Pilot studies, in this research referred to as the field-test study, are designed to trial test the instrument and administration process, as well as, evaluate the data analysis design to inform planning for the main study (Thabane, Ma, Chu, Cheng, Ismila, Rios, Robson, Thabane, Giangregoria, & Goldsmith, 2010). The purpose of a field study is to identify any weaknesses, including inadequate protocols and whether proposed methods or the items on the instrument are inappropriate or too complicated (De Vaus, 2002). The focus of this field test study was to check: (a) if the instructions were understandable, (b) whether the wording of the survey was clear, and (c) if planned statistical and analytical processes would provide the desired outcomes for examination. Baker (1998) suggested the number of participants to consider for a pilot study should be 10-20% of the sample size for the actual study. Thabane et al. (2010) suggest a rule of thumb to “be large enough to provide useful information about the aspects that being assessed for feasibility” (p. 5).

The field-test study was administered with the same procedures planned for the full study (Task #8). Follow-up interview questions at the end of the online questionnaire queried feedback about the clarity of the instructions, and understandability of the survey questions (Task #9). To conduct this field-test study, an email with a link to the survey was personally sent to a group of 44 SBDC registered business owners in the Florida West Central region. These recipients were also former consulting clients of the researcher. See Appendix O for a copy of the field-test communication email. See Appendix P for a copy of the field-test online survey. The

field-test group consisted of 11 individuals. The group comprised 36.4% males and 63.6% females. The age demographics of the group were 72.1% between 51 and 60 years old, with the balance of the group between 31 and 50 years old. The years of business operation and the education were spread evenly among all field-test group members. The mean of the tested knowledge score was 13.6, and the mean of the self-assessed score was 5.2. The field test indicated planned procedures were adequate, and participants did not have difficulties understanding questions or comprehending the instructions.

Step #5: The Final Review Panel consisted of 12 members. An unstructured evaluation of the final 20 questions tested knowledge and five self-assessed knowledge, plus the demographic questions (Task #10) was conducted in this review. See Appendix Q for the final review panel communication email. See Appendix R for a copy of the initial review online survey. This panel evaluated the instrument based on their expertise and any previous experience as an expert panel member. Based on the Final Review Panel's recommendations, two additional questions were removed. Wording was further clarified on two questions, demographic question possible responses were refined, and a back button was added to the survey.

Final instrument. The final financial literacy instrument for this research contained 18 knowledge and 5 self-assessing questions. See Appendix S for a copy of the final instrument. Several of the knowledge questions were associated with more than one category. As a result, looking at the distribution of questions in each category yielded a coverage percentage greater than 100%. The breakdown of questions in each of the financial literacy content categories was: 67% money basics, 39% borrowing, 61% building assets, and 12% protecting. Nine of the original 14 sources

contributed questions to the final survey. The source contributing the most questions ($n=7$) was Survey of Consumers (Hilgert et al., 2003).

Data Collection

Field test. A field test was part of the instrument validation process of this study. The field test was administered through Qualtrics.com and conducted in the same manner as the final survey. Eleven individuals completed the field-test survey. Table 10, Descriptive Statistics of Field Test, details the results of the field-test responses included in the final sample count for data analysis. The Shapiro-Wilk Test for this sample indicates normal distribution (tested knowledge $p=.03446$; self-assessed knowledge $p=.8093$).

Procedures. Participants were selected from active clients of West Central region the FSBDCN. The FSBDCN has 10 regions. The West Central region is one of the largest regions in the state representing Florida's small business population. FSBDCN technology personnel created a list of active clients over the past five years resulting in approximately 12,000 emails. An invitation to participate in this financial literacy research was emailed by the FSBDCN technology department to the entire list. See Appendix T for copies of the participant communications emails. The email contained a link to the online survey hosted on www.qualtrics.com. The first email was sent November 4, 2015. Two reminder emails were sent on November 18th and December 2nd. A final invitation, for a total of four requests, was sent on December 15th.

Surveys were administered anonymously and participants' identities remained anonymous, based on Institutional Research Board (IRB) guidelines. The following steps were taken to ensure all aspects of this study were planned and executed according to ethical standards:

Table 10

Descriptive Demographic Statistics of Field Test

			Tested Knowledge Correct (Total possible=18)		Self-assessed Knowledge (Max Score=7)	
	<i>n</i>	%	\bar{X}	<i>SD</i>	\bar{X}	<i>SD</i>
Gender:						
Male	4	36.4	13.5	1.3	5.8	0.7
Female	7	63.6	13.7	1.9	4.8	1.0
Age Group:*						
18-50 years	3	27.3	12.0	1.7	5.1	0.3
51 years and over	6	54.5	14.5	1.5	4.9	1.2
Years in Business:						
3-5 years	3	27.3	13.3	1.2	5.3	0.3
6-10 years	3	27.3	13.0	2.6	5.3	1.2
10 years and over	4	36.4	14.3	1.5	5.4	1.0
Education:						
High School	1	9.1	13.0	0.0	4.8	0.0
Associate's degree	2	18.2	13.5	2.1	5.9	1.0
Bachelor's degree	5	45.5	13.0	1.7	4.8	0.9
Master's degree or higher	3	27.3	15.0	1.0	5.2	1.0
Business Classification:						
Pre-venture/start-up	0		0.0	0.0	0.0	0.0
Small Business	11		13.6	1.6	5.2	1.0
Small-Medium Enterprise	0		0.0	0.0	0.0	0.0
Total	11		13.6	1.6	5.2	1.0

Note. * Two participants did not provide year of birth

1. The researcher was current on all IRB educational requirements.
2. The study plan was submitted to the University of South Florida IRB panel for review and approved prior to the onset of any, and all research activities. See Appendix U for a copy of the IRB approval letter.
3. Once approved, the plan was followed and executed by the researcher and any and all agents of the researcher.

Participants were informed of the anonymous nature of the survey in the original invitation email, as well as, in the online survey opening screen. All dealings with participants were governed by the American Educational Research Association's Code of Ethics, approved by the American Educational Research Association Council February 2011 (American Educational Research Association, 2015). The final survey results were downloaded from Qualtrics.com.

Data Analysis

The instrument was administered through Qualtrics.com where the instrument responses were hosted on a secure server. Qualtrics.com was used because it provided the following features aligned with guidelines for effective online survey design (Andrews, Nonnecke, & Preece, 2003; Shropshire, Hawdon, & Witte, 2009; Yan, Conrad, Tourangeau, & Couper, 2010): (a) question types include multiple-choice, true/false, or text entry; (b) ensuring the confidentiality of the participant; (c) design of individual screens to reduce question burden per page; and, (d) incorporating a progress bar allowing participants to see their movement through the survey.

The data collected from the Qualtrics.com survey were exported to EXCEL. SAS was used to generate statistical analysis. Three primary statistical methods were used for the analysis: (a) descriptive statistics, (b) *t* test, and (c) one-way ANOVAs.

Secondary statistical analysis was produced using the Shapiro-Wilk test, Levene's test, Satterhwaite test, and Tukey's test.

Content validity. Content validation was performed from two perspectives to substantiate the validity of the instrument: (a) evidence demonstrating validity and (b) process of validation (validation process procedures). Ary et al. (2010) suggested, "Historically, validity was concerned with the extent to which an instrument measured what it claims to measure" (p. 225). Current views of instrument validity focus on the interpretation and meaning of scores derived from the instrument. Gall et al. (2007) highlight the 1999 *Standards for Educational and Psychological Testing* definition of validity noting, "the fact that test scores themselves are neither valid nor invalid. Rather, it is interpretations of the scores that are either valid or invalid" (p. 195).

The instrument developed for this study was based on questions from empirically tested assessments from 14 sources (Table 6). The questions from these sources were examined, evaluated, revised, and tested in the development of the questionnaire to assess tested knowledge and self-assessed knowledge. All questions selected for evaluation in this study were previously tested for validity and reliability in connection with the original empirical articles, working papers, and reports from which they were identified.

Evidence demonstrating validity. Gall et al. (2007) identified five main types of evidence for demonstrating the validity of test-score interpretations: "(a) evidence from test content, (b) response processes, (c) internal structure, (d) relationship to other variables, and (e) consequences of testing" (p 195).

Test content. Gall et al. (2007) suggested content-related evidence of test validity requires content experts to review systematically specific content to determine

how well test items depict a respective sample of the content domain. During the literature review, numerous studies evaluated the content of financial literacy questions (Alhenawi & Elkhal, 2013; Atkinson & Messy, 2011; Agnew et al., 2013; Beckmann, 2013; Bumcrot et al., 2013; Chen & Volpe, 1998; Fernandes et al., 2014; Finke, 2011; Finke & Huston, 2014; Gale & Levine, 2010; Hastings et al., 2012; Hilgert et al., 2003; Hsu, 2011; Huston, 2012; JumpStart Coalition, 2007; Knolls & Houts, 2012; Kunovskaya et al., 2014; Lachance, 2014; Lusardi, 2011, 2012a, 2012b; Lusardi & Mitchell, 2007, 2008, 2011a, 2011b; Lusardi, Mitchell, & Curto, 2010; Lusardi & Tufano, 2009; Mandell, 2006, 2008; Mandell & Klein, 2007, 2009; Mottola, 2013; Nicolini et al., 2013; Scheresberg, 2013; Simms, 2014; Van Rooij et al., 2007, 2009, 2011; Volpe et al., 1996; World Bank, 2009). Questions evaluated in these studies were tested for evidence of reliability in the original research. For this reason, the questions were included in an initial pool of financial literacy questions. This study's expert panels systematically evaluated the pool to develop the final instrument.

Response processes. Gall et al. (2007) indicated supporting validity of test-score interpretations can be accomplished by having a participant reflect aloud on the cognitive and evaluative processes being used while responding to test questions. Recording these verbal expressions of thought processes allows for analysis. Study of the consistency within the construct to be measured can provide response-process evidence (Gall et al., 2007). A reflective cognitive process was part of the field test for this study.

Internal structure. The relationship between items on tests can provide evidence of the validity of test-score interpretations because responses to individual questions are often related to each other (Gall et al., 2007). Gall et al. (2007) pointed out

correlations between individual's correct answers can demonstrate that a test does, in fact, measure the construct it was designed to measure. According to Hof (2012) and Osborne (2014), construct validity of a questionnaire can be tested with exploratory factor analysis. The results of the exploratory factor analysis group the items of the instrument. Identifying possible assignment of items to content areas (factors) was the goal of exploratory factor analysis in this study. The review of exploratory factor analysis results allowed exploration of whether the study data fits a model for the previously acknowledged content areas (i.e., money basics, borrowing, building assets, and protecting assets) based on the Finke and Huston (2014) and FLEC (2010) research.

Relationship to other variables. The relationship of other variables is often used to explore predictability (Gall et al., 2007). Since this study was nonexperimental, not seeking to predict, this aspect of evidence validation was not considered.

Consequences of testing. According to Gall et al. (2007), consequential validity refers

to the fact that test scores, the theory and beliefs behind the construct, and the language used to label the construct also embody certain values and have value-laden consequences when used to make decisions about individuals. The values and consequences need to be checked to determine whether our interpretations of test scores and the way we use these scores to make decisions are valid for particular uses. (p. 199)

Gall et al. (2007) considered intelligence and personality testing are not neutral constructs. Financial literacy testing is similar and is becoming a measure of knowledge valued in society (HM Treasury, 2007; Lusardi & Mitchell, 2007a, 2007b, 2007c 2008, 2011a, 2011b, 2013, 2014; Obama, 2010; PACFC, 2013a, 2013b). Despite the lack of a standard financial literacy assessment (Hung et al., 2009; Huston, 2010; Remund,

2010), the *Big Five* was repetitively used of in large-scale studies. This wide-scale usage has been deemed as some evidence these questions can be considered an international standard (Lusardi & Mitchell, 2011b). The various assessments used around the world have resulted in interpretations of test scores similar to those of the *Big Five*. That is, financial literacy is low around the world with women, younger adults, older adults, and those with lower education and income score below the average. Researchers' recommendations advocate improvement of financial literacy leads to better financial behaviors, and in turn, will advance local, national, and global economies (Atkins et al., 2010; Atkinson & Messy, 2012; Beckmann, 2013; Buckland, 2010; Cude, 2010; Delavande et al., 2008; Hung et al., 2009; Hung et al., 2012; Huston, 2010; Lee & Hanna, 2014; Lusardi & Mitchell, 2011a, 2011b; Mottola, 2013; Nicolini et al., 2013; Remund, 2010; Schmeiser & Seligman, 2013; Wolfe-Hayes, 2010).

Gall et al. (2007) emphasized the American Education Research Standards stating, "Although information about the consequences of testing may influence decisions about test use, such consequences do not in and of themselves detract from the validity of intended interpretations" (p. 199). Consequential validity calls for careful consideration of the interpretation and use of a standard financial literacy assessment and its societal impact. Although not specifically addressing consequential validity, this study used recommendations for optimizing an assessment from previous researchers (e.g., varied degrees of difficulty and more than one question per concept) as a guide in developing the tested knowledge portion of the instrument (Finke & Huston, 2014; Knoll & Houts, 2012; Kunovskaya et al., 2014). The five main types of evidence described by Gall et al. (2007) were followed implementing the instrument validation procedures to support the validity of this study.

Validation process procedures. Crocker and Algina (2008) recommend four steps in content validation:

1. Defining the performance domain of interest.
2. Selecting a panel of qualified experts in the content domain.
3. Providing a structured framework for the process of identifying items in the content domain.
4. Collecting and summarizing the data from the process. (p. 218)

The principles prescribed by Crocker and Algina (2008) were used as guidelines to design the tested knowledge and self-assessed knowledge portions of the instrument in this study. Crocker and Algina (2008) guidelines include:

1. Identify the primary purpose(s) for which the test scores will be used.
2. Identify behaviors that represent the construct or define the domain.
3. Prepare a set of test specifications, delineating the proportion of items that should focus on each type of behavior identified in step 2.
4. Construct an initial pool of items.
5. Have items reviewed (and revise as necessary).
6. Hold preliminary item tryouts (and revise as necessary).
7. Field-test the items on a large sample representative of the examinee population for whom the test is intended.
8. Determine statistical properties of item scores and when appropriate, eliminate items that do not meet pre-established criteria.
9. Design and conduct reliability and validity studies for the final form of the test.
10. Develop guidelines for administration, scoring, and interpretation of the test scores (e.g., prepare norm tables, suggest recommended cutting scores or standards for performance, etc.). (Crocker & Algina, 2008, p. 66)

The guidelines prescribed by Crocker and Algina (2008) guided the research process steps listed in Table 7 as a foundation for the content validity of this study.

Construct validity. Construct validity tests the degree to which an instrument measures what it was designed to measure. Factor analysis is a well-accepted method of testing for construct validity. One of the objectives of exploratory factor analysis is to evaluate the construct validity of a scale, test, or instrument (Williams, 2012). In this study, the construct was financial literacy. Based on the literature review, the financial literacy tested knowledge construct was divided into four content areas: money basics,

borrowing, building assets, and protecting assets. Exploratory factor analysis was applied to tested knowledge questions to identify possible groupings of the survey items.

According to Williams (2012), it is important to assess the suitability of the sample data. Sample size is a vital element of assessing suitability. Based on recommendations of Costello and Osborne (2005) a sample size that reflects a 10:1 ratio of subjects to items is appropriate for factor analysis. Beavers, Lounsbury, Richards, Huck, Skolits, and Esquivel (2013) also acknowledged the suggestion of 10 subjects per questionnaire item. Osborne (2014) notes a minimum of five subjects per item is acceptable with the rule of thumb being 10 subjects per item. For this study, there were 186 subjects in the tested knowledge portions of the survey fully completed. Based on the 10:1 ratios, the sample size was adequate.

In addition to sample size, there are other tests of suitability of the respondent data. Two such tests are Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test of Sphericity. The overall Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy (MSA) is .7454. When KMO-MSA is 0.50 or above, data are suitable for analysis. Bartlett's Test of Sphericity resulted in an approximate Chi-square of 602.31, $df=153$ and $p>0.0001$. For the data to be suitable, Bartlett's Test of Sphericity should be significant ($p<.05$). Both tests indicate the data were suitable.

After evaluating the suitability of the sample data, SAS was used for the exploratory factor analysis statistical computations. The maximum likelihood extraction method was chosen as "it allows for the computation of a wide range of indexes of the goodness of fit of the model [and] permits statistical significance testing of factor loading and correlations among factors and the computations of confidence intervals" (Fabrigar,

Wegener, MacCallum, & Strahan, 1999, p. 277). Using this method, the number of factors to be extracted was determined by creating a correlation matrix and estimating the communalities using the squared multiple correlations (R^2). Squaring correlations between the variable and all other variables was the method used to create a scree plot. The scree plot, shown in Figure 2, depicts the rate of change in magnitude of the eigenvalues for the factors. The number of factors is determined by the point where the curve in the scree plot bends. Three factors were indicated.

Next, the simplest rotation method, orthogonal rotation, was used to determine the final factor pattern and identify questions in each factor through significant loadings. Only factor loadings greater than or equal to .30 absolute value were assigned to a factor. This pattern is shown in Table 11. According to O'Rourke and Hatcher (2014), there are four criteria to address in the interpretation of exploratory factor analysis:

- (a) does each factor have at least three questions with significant loading identified?
- (b) do the questions that load on each factor share a common theme or meaning?
- (c) do the questions that load on each factor differ from loading on other factors? and
- (d) is a simple structure indicated?

Reviewing Table 11, Factor 1 contained eight of the tested knowledge questions. Factor 2 contains seven questions, and Factor 3 contains four questions. To meet O'Rourke and Hatcher's (2014) first criteria, there must be at least three items in each factor. These criteria were met. Looking at the remaining criteria prescribed by O'Rourke and Hatcher (2014), the second criterion is the ability to identify common themes or idea within each factor.

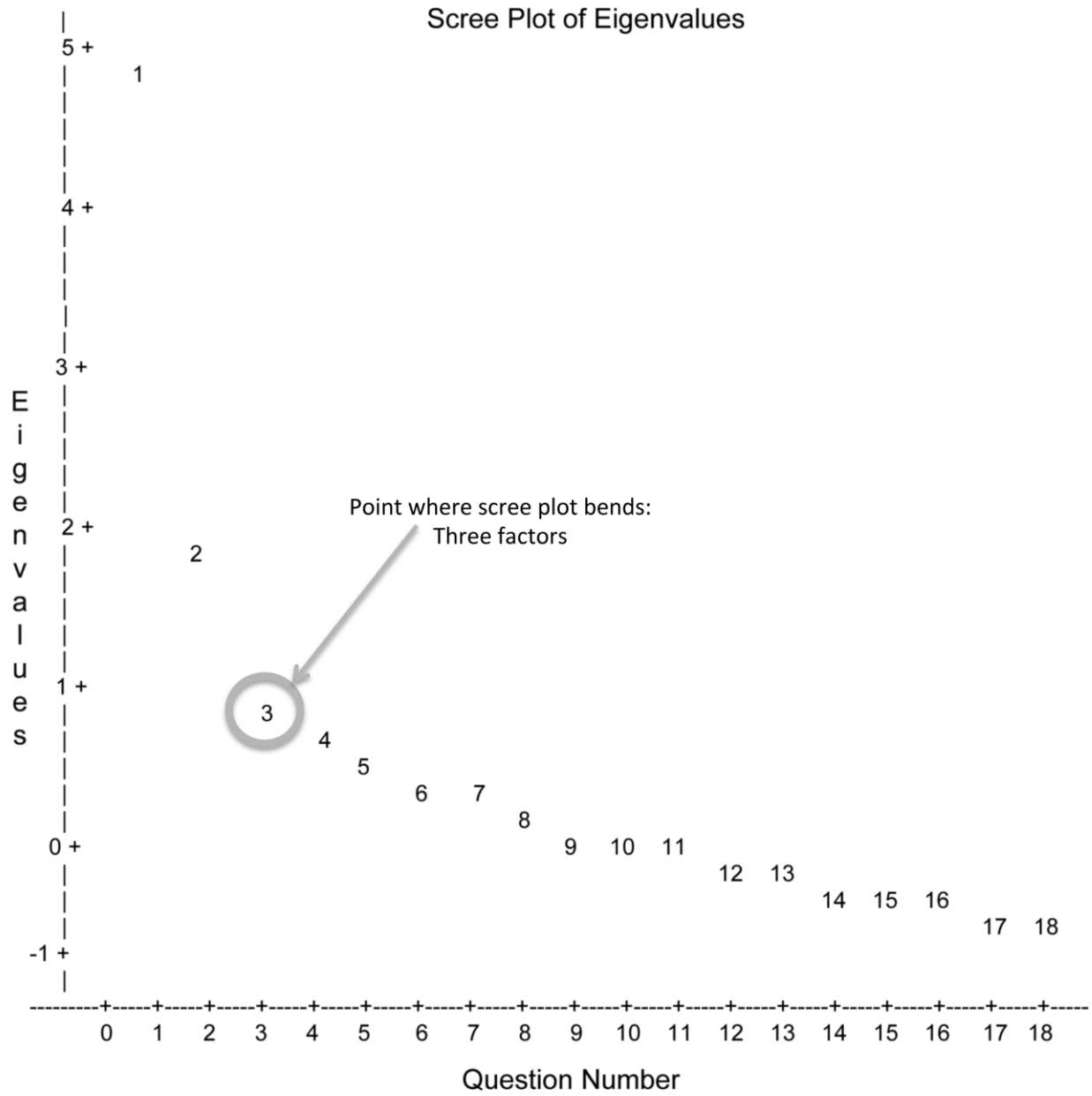


Figure 2. Scree plot of eigenvalues depicting decision point for number of factors to use Based on loading.

Table 11

Factor Pattern Coefficients and Communalities Based on Exploratory Factor Analysis

Question	Rotated Factor Pattern			Communality	Weight
	Money Basics	Money Concepts	Managing Money		
Q1			0.504	0.3090	1.4473
Q2	0.743			0.6165	2.6074
Q3	0.459			0.2256	1.2913
Q4	0.547			0.3302	1.4930
Q5		0.461		0.2684	1.3669
Q6		0.322		0.1259	1.1441
Q7	0.454		0.730	0.7668	4.2877
Q8				0.0894	1.0982
Q9		0.385		0.1758	1.2133
Q10			0.305	0.1414	1.1647
Q11		0.434		0.2401	1.3161
Q12				0.1038	1.1158
Q13				0.1243	1.1420
Q14	0.390	0.382		0.3029	1.4345
Q15	0.411	0.417	0.365	0.4761	1.9088
Q16	0.345			0.1282	1.1471
Q17		0.511		0.3704	1.5883
Q18		0.318		0.1286	1.1475

Note. Factor values less than 0.3 are not included.

The emerging theme for Factor 1 was money basics. Factor 2 was dominated by the items related to money concepts, and the theme of Factor 3 was managing money. The third criteria queries, whether the questions load on each factor differs from those loading on other factors. Based on the final loadings (Table 11), there were three questions loaded on more than one factor and three not loaded on any factors. The final criterion is looking for a simple structure. This exploratory factor analysis identified three factors with varied themes: basic money knowledge, money concepts (definitions), and managing money. This exploratory factor analysis was completed to

determine if factors, financial literacy categories, existed in the instrument. It was not performed to confirm predetermined factors.

The same exploratory factor analysis methods were applied to the five self-assessed knowledge questions to identify possible groupings. The results indicated only one factor for all five questions.

Reliability. When an instrument measures what it is intended to measure with a high degree of consistency, it is said to have a reliability of measurement. Reliability together with validity is necessary attributes for an instrument to provide dependable and usable data for interpretation in research (Ary et al., 2010). Validity in this study has been previously discussed.

Reliability of the instrument begins with the instrument's history of use (Ary et al., 2010). The instrument developed in this study was based on questions from empirically tested assessments from 14 sources. The questions from these sources were examined, evaluated, revised, and tested in the study through the content validation process. All questions were also previously tested for validity and reliability in connection with the original empirical articles, working papers, and reports they were identified. Prior testing, evaluation, and usage of the instrument questions provided some confirmation and assurance the instrument was testing and gathering responses reliably and is, in fact, measuring the construct validity of financial literacy (Ary et al., 2010). This study did not rely on the original testing, rather it was used as a basis for inclusion of the questions in the development pool of instrument questions. In addition to the original validity and reliability measures, three expert panels and a field-test group evaluated the instrument developed for this study. Cronbach's alpha (Cronbach, 1951) was used to assess the reliability of the survey scores and address measurement error.

When determining the reliability of responses, if Cronbach's alpha is .7 or above on a scale of 0 to 1 indicating the internal consistency of the data collected is considered good to excellent (Ary et al., 2010). Cronbach's alpha for tested knowledge questions in this study was .6743, and for self-assessed knowledge was .8967. Both were near the reasonable threshold of .70.

Descriptive statistics and *t* test. Descriptive statistics were used to organize and summarize the data to address research question #1 about the profile of the Florida small business owners. The participants' mean scores, both tested knowledge score and self-assessed knowledge score, were used to describe the financial literacy profile.

Independent *t* tests compare means of two groups to determine significant differences. Independent *t* tests were used to test differences in gender to answer research question #2 inquiring about the direction and extent of differences in the financial literacy profile by gender.

Analysis of variance (ANOVA). According to Gall et al. (2007), ANOVA is used to "compare the amount of between-groups variance individuals' scores with the amount of within-group variance" (p. 318). The *F* ratio generated in an ANOVA indicates whether the difference in scores is significant. ANOVAs were utilized in the research to determine differences and answer research questions #3 through #5 (since research question #1 and #2 have been discussed already). Research question #3 considered the direction and extent of differences in the financial literacy profile by age, while #4 contemplated the direction and extent of differences in the financial literacy profile by education level, and #5 pondered the direction and extent of differences in the financial literacy profile by small business classification.

According to Glass and Hopkins (1996), assumptions when using one-way ANOVAs are: (a) observations are independent, (b) variances are homogeneous, and (c) the dependent variable is approximately normally distributed for each category of the independent variable. This research was designed in a way that independence of observations existed. Levene's test was used to confirm homogeneity. The Shapiro-Wilk test was initially used to determine normality of distribution. The Shapiro-Wilk test for this study's data was $p < 0.0001$ indicating a non-normal distribution. Shapiro-Wilk test is a formal normality test for small to medium samples (e.g., $n < 300$), but may also show incompatible results (Kim, 2013). According to Kim (2013), assessing normality, using skewness and kurtosis of the distribution may be used in both small and large samples. Skewness, a measure of asymmetry, measures the distribution of the variable. Kurtosis measures the distribution's peakedness or height of the distribution. When evaluating skewness and kurtosis for normality, West, Finch, and Curran (1995) proposed a skew absolute value < 2 and a kurtosis value < 7 to be a departure from normality, in other words, values less than two for skewness and less than seven for kurtosis would be considered within the acceptable level of normality. Table 12 summarizes skewness and kurtosis of the variables in this study for tested knowledge and self-assessed knowledge. Both are within this range prescribed by West et al. (1995). Therefore, the sample for this study was considered to have a normal distribution for ANOVA statistical analysis purposes. Tukey's Honest Significant Difference (HSD) is a post-hoc test used to determine which groups differ from each other. Tukey's test is conducted when an ANOVA indicates a significant statistical difference. This test was used to identify pairwise comparisons for significant differences with ANOVA analyzes.

Table 12

Analysis of Dependent Variables Skewness and Kurtosis

Dependent Variable (Knowledge)	Mean	SD	max	min	skewness	kurtosis	Shapiro- Wilk
Tested	14.93	2.51	5.0	18	-1.4917	2.2967	<0.0001
Self-assessed	5.56	1.29	1.2	7	-1.1268	1.4424	<0.0002

N=156

Summary

The purpose of this study was to assess the financial literacy continuing professional education cognitive needs of Florida small business owners. This chapter covers the steps utilized in this study to design, validate, analyze the study, as well as develop, validate, and administer the instrument. The instrument used in this study was based on 14 sources of financial literacy questions and included three parts (demographic data, tested knowledge, and self-assessed knowledge).

The development of the instrument was based on expert panels and field-testing. Clients of the West Central Region of FSBDCN were sampled. Qualtrics surveys were used to gather responses from the expert panels' evaluations as well as field-test and study participants. Once data were collected, they were exported to EXCEL and analyzed using SAS.

Chapter 4

Findings

The purpose of this study was to assess the financial literacy continuing professional education cognitive needs of Florida small business owners. This chapter contains the research questions, study participants, research question one, research question two, research question three, research question four, research question five, and observations.

Research Questions

Based on prior research, this study attempted to investigate the following research questions:

1. What is the financial literacy profile of the Florida small business owners?
2. What are the direction and extent of differences in the financial literacy profile by gender?
3. What are the direction and extent of differences in the financial literacy profile by age?
4. What are the direction and extent of differences in the financial literacy profile by education level?
5. What are the direction and extent of differences in the financial literacy profile by small business classification?

Study Participants

Response rates of participants. Respondents for this study were from the clients for the Florida West Central region of the Florida Small Business Development

Center Network. Approximately 12,000 emails with a link to the study survey were sent to active clients from over the past five years. There were four rounds of emails distributed to the list. The four emails resulted in 237 recipients clicking through the email to the survey. Sixty-seven recipients clicked through the first email sent November 4, 2015. The second email was sent November 18, 2015, and resulted in an additional 52 clicks to the survey. The third email, sent December 2, 2015, resulted in 59. The fourth, and final, email was sent December 15, 2015, contributed another 59 for a total of 237 recipients who clicked through to the survey. Although the recipient response level continued to be high after the fourth email, further emails were discontinued due to restrictions based on the agreement with the FSBDCN. Of the 237 individuals who clicked through the email to the survey, 35 did not start the survey. Of those, starting the survey (202), only 177 completed the survey. Of the 177 completing the survey, there were 34 who did not provide a year of birth and/or did not complete the self-assessed questions, leaving 147 complete responses. An additional nine responses were included from the field-test survey (two of the 11 field-test responses were incomplete), bringing the final sample to 156. The Listwise Deletion method was used to discard the cases with incomplete information (Cheema, 2014).

The actual response rate for complete surveys was 1.475%, which is low. There were several possible contributing factors. Emails were from clients dated back five years. It is possible many emails were no longer valid. FSBDCN did not provide the researcher with information on email bounce or fail rates. It is also possible previous clients included on the list were no longer in business, and therefore, did not respond to emails. Additionally, many FSBDCN clients may seek consulting services when considering a business, but never actually start a business. Finally, if clients only met

with the FSBDCN once several years ago, they may not recall or recognize the organization and would not have responded to the emails.

Demographic profile of respondents. Five questions provided demographic data related to the four independent variables of this study: gender, age, education level, and small business classification, derived from years in business and number of employees. Table 13, Demographic Characteristics of Respondents in the Survey, summarizes the demographics of the respondents within each variable. There were more female respondents in the group than males. Over 60% of respondent ages were between 41 years of age and 60 years of age. The mean age was 51, and the median age was 52. Level of education was predominately Bachelor's degree and higher (71.8%), and the minimum education level was high school. There were no participants who reported they did not complete high school. The number of years in business, a determinate of small business classification, disclosed more respondents in business less than five years (56.4%) while the classification small business (less than five years and less than five employees) contained 59% of the respondents.

Analysis of Research Questions

Research question 1. What is the financial literacy profile of the Florida small business owners? The financial literacy survey resulted in two measures of financial literacy: tested financial knowledge and self-assessed financial knowledge. Tested knowledge was based on 18 questions covering various concepts in financial literacy (Appendix S). Self-assessed knowledge was based on responses to five questions related to the respondents' agreement with statements rating their belief or confidence in their knowledge of financial literacy. A 7-point Likert scale with selections ranging from *strongly disagree* to *strongly agree* was used (Appendix S).

Table 13

Demographic Characteristics of Respondents in the Survey

Variable	<i>n</i>	%*
Gender:		
Males	69	44.2
Females	87	55.8
Age Group:		
18-40 years	23	14.7
41-50 years	46	29.5
51-60 years	53	34.0
61 years and over	34	21.8
Education:		
High School	23	14.7
Associates Degree	21	13.5
Bachelor Degree	62	39.7
Master's Degree or Higher	50	32.1
Years in Business:		
0-2 years	57	36.5
3-5 years	31	19.9
6-10 years	19	12.2
>10 years	49	31.4
Small Business Classification:		
Pre-Venture/Start-up	35	22.4
Small Business (< 5 employees)	92	59.0
Small-Medium Enterprise >5 employees	29	18.6

N=156; *% may not = 100 due to rounding

Analyses of the respondents' tested knowledge and self-assessed knowledge are summarized in Table 14. The number of correct responses to the tested knowledge portion of the survey ranged from 5 to 18 (out of 18) with a total mean 14.9. Self-assessed knowledge ranged from 1.2 to 7.0 out of 7.0 with the mean of 5.6.

Table 14

Descriptive Analysis Profiling the Financial Literacy of Florida Small Business Owners

Variable	\bar{X}	SD	95% Confidence Level	
Tested knowledge	14.9	2.5	14.54	15.33
Self-assessed knowledge	5.6	1.2	5.37	5.71

N=156

The correlation between the tested knowledge and self-assessed knowledge using z-scores and Pearson Correlation Coefficient was .5065. Histograms showing the distribution of tested knowledge scores and self-assessed knowledge scores are presented in Figures 3 and 4.

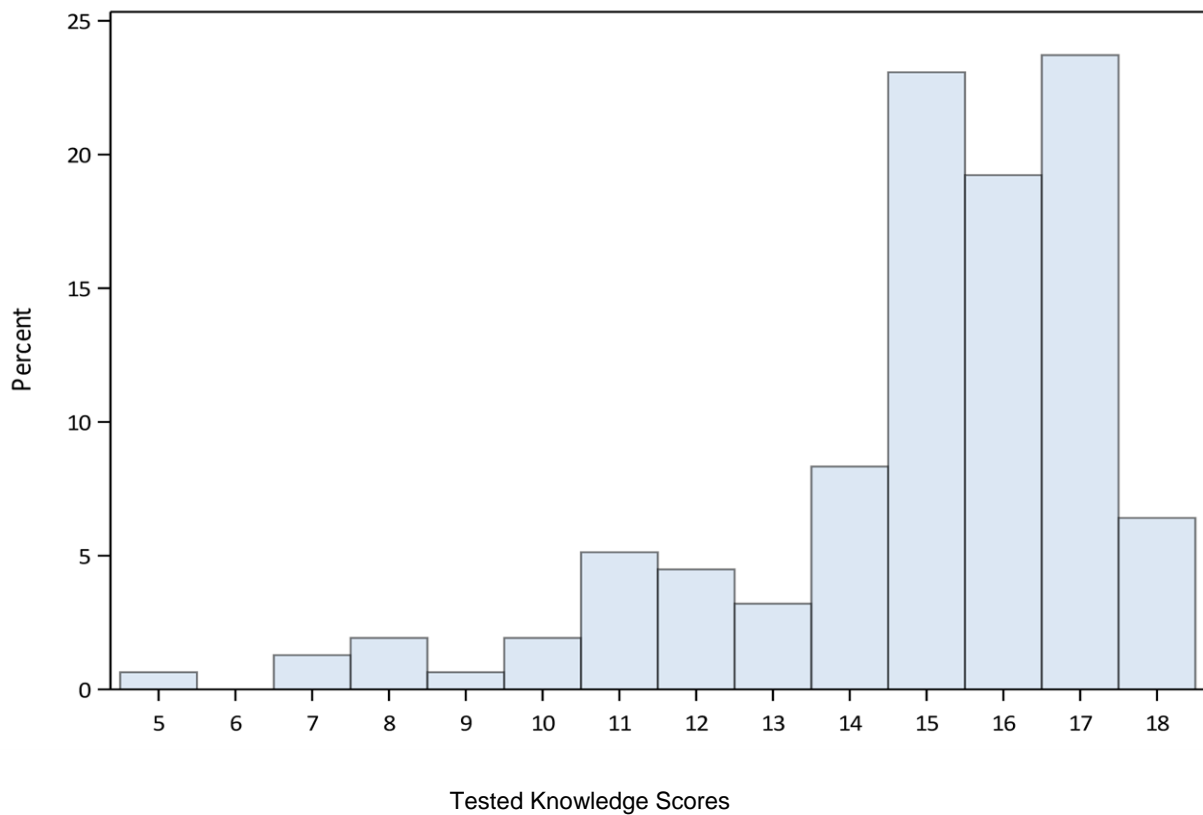


Figure 3. Histogram of tested knowledge score percentage distribution.

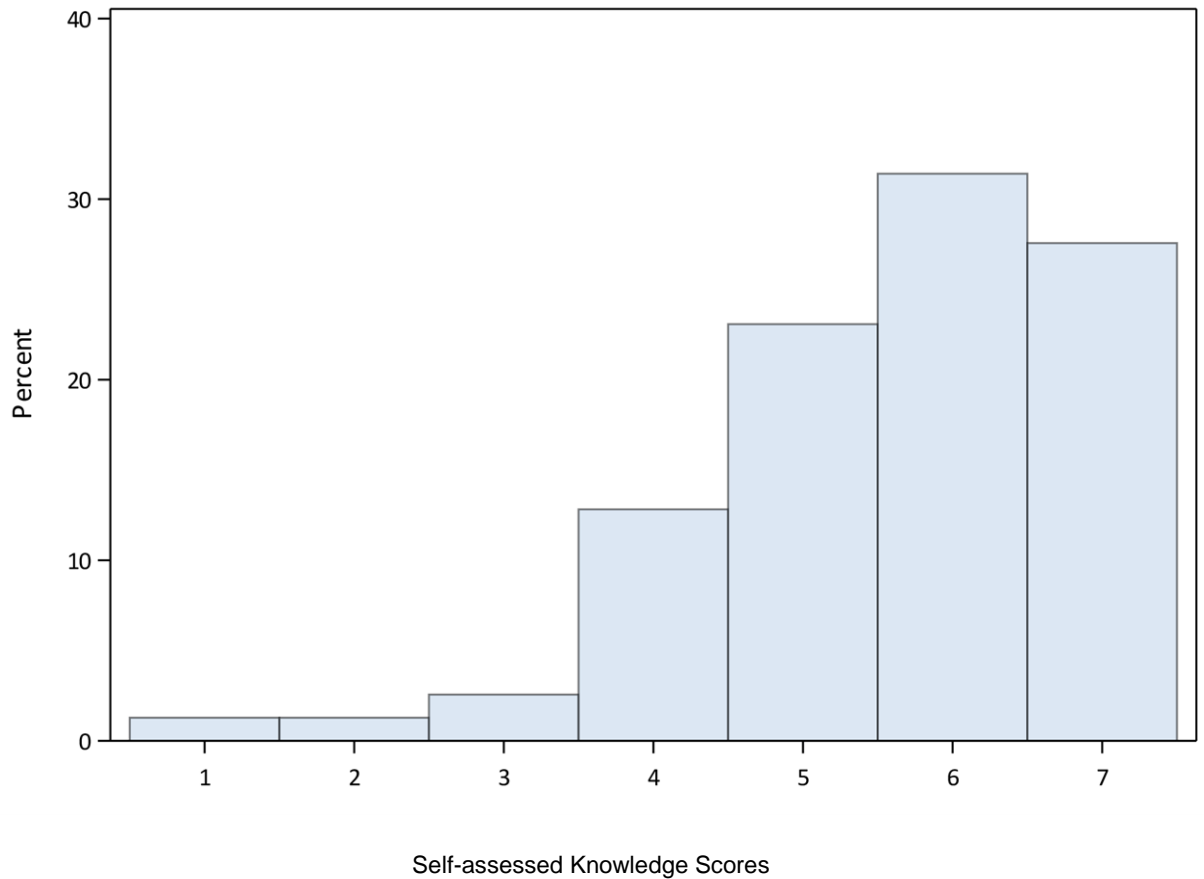


Figure 4. Histogram of self-assessed knowledge score percentage distribution.

Research question 2. What are the direction and extent of differences in the financial literacy profile by gender? This research question sought to identify the differences in financial literacy that were influenced by gender. The mean financial knowledge score for males was 15.4 with a standard deviation of 1.81 while the mean for females, was 14.6 with a standard deviation of 2.9. For self-assessed scores, the mean for males was 6.0 with a standard deviation of .84, and for females, the score was 5.2 with a standard deviation of 1.28. The descriptive statistics are summarized in Table 15. Because there are two groups within gender, an independent *t*-test statistic was used to evaluate statistical differences.

Table 15

Descriptive Analysis Profiling the Financial Literacy by Gender

Variable	<i>n</i>	Tested Knowledge Correct (Total possible = 18)		Self-Assessed Financial Literacy (Max Score 7)	
		\bar{X}	<i>SD</i>	\bar{X}	<i>SD</i>
Males	69	15.4	1.81	6.0	0.84
Females	87	14.6	2.90	5.2	1.28

N=156

In order to conduct usable *t* tests, the soundness of four assumptions needed to be evaluated: independence, normality, and homogeneity. For this study, the two groups, male and female, were independent of each other. Normality was tested using the Shapiro-Wilk test indicating a statistical difference, $p < .0001$. A review of the skewness and kurtosis (see Table 12) confirms normality was within an acceptable range. Heterogeneity was confirmed using Levene's Test indicating a statistically significant result of $p < .05$ (tested knowledge $p = .0076$; self-assessed knowledge $p < .0001$). From these results, equal variance could not be assumed, and the Satterthwaite *p* value was used instead of the pooled statistic in the SAS output. The *t* test conducted for the difference in means by gender disclosed a significant result for tested knowledge, $t(1,154) = 2.29$, $p = .0237$ and self-assessed knowledge, $t(16,154) = 5.29$, $p = .0001$. The effect size measured by Cohen's *d* for tested knowledge was .339, which was between small and medium. Cohen's *d* for self-assessed knowledge was .739, which was large. The mean tested knowledge and self-assessed knowledge score differences by gender were statistically significant. Male mean scores for both the tested and self-assessed knowledge were higher than female mean scores.

Research question 3. What are the direction and extent of differences in the financial literacy profile by age? This research question sought to identify any differences in financial literacy that were influenced by age. The descriptive analysis by age group shows 18-40 years at a 14.9 mean for tested knowledge with a standard deviation of 2.42. The age group 41-50 years had a mean tested knowledge score of 14.7 with a standard deviation of 2.39. The 51-60 years age group mean tested knowledge score was 14.9, with a standard deviation of 2.92, and 61 years and older tested knowledge score was 15.4 with a standard deviation of 2.03. The mean self-assessed knowledge score for the 18-40 years age group was 5.6 with a standard deviation of 1.19; for 41-50 years, the mean self-assessed score was 5.5 with a standard deviation of 1.09. The mean self-assessed score for 51-60 years was 5.4, with a standard deviation of 1.32, and 61 years and over had a self-assessed score of 6.1 with a standard deviation of .79. The descriptive statistics by age group are summarized in Table 16.

Table 16

Descriptive Analysis Profiling the Financial Literacy by Age Group

Variable	<i>n</i>	Tested Knowledge Correct (Total possible = 18)		Self-Assessed Financial Literacy (Max Score 7)	
		\bar{X}	<i>SD</i>	\bar{X}	<i>SD</i>
Age Group:					
18-40 years	23	14.9	2.42	5.2	1.19
41-50 years	46	14.7	2.39	5.5	1.09
51-60 years	53	14.9	2.92	5.4	1.32
61 years and Over	34	15.4	2.03	6.1	0.79

N=156

A one-way ANOVA test was conducted to assess the direction and extent of differences in the financial literacy profile by age. The result of the tested knowledge ANOVA test, summarized in Table 17, was $F(3,152)=0.51$, $p=.6778$ with an effect size, as measured by the eta squared of .01. Levene's test results for homogeneity of variance for tested knowledge ($p=.44$) indicated non-significance ($p>.05$). The Shapiro-Wilk test indicated the absence of normality. The results of a review of the skewness and kurtosis (Table 12) indicated normality was within an acceptable range. The results of the ANOVA suggested there was no statistical significant difference in the tested knowledge means across the four age groups. The self-assessed knowledge ANOVA test results, summarized in Table 18, were $F(3,152)=3.02$, $p=0.0318$ with an effect size of .06.

Table 17

ANOVA Summary Table of Tested Knowledge for Age Group

Source	Sum of Squares	df	Mean Square	F	p
Between	9.69	3	3.22	0.51	0.678
Within	967.67	152	6.37		
Total	977.36	155			

$N=156$; $\eta^2 = .01$; $\alpha = .05$

Table 18

ANOVA Summary Table of Self-assessed Knowledge for Age Group

Source	Sum of Squares	df	Mean Square	F	p
Between	12.39	3	4.13	3.02	0.0318
Within	208.17	152	1.37		
Total	220.56	155			

$N=156$; $\eta^2 = .06$; $\alpha = .05$

The tested knowledge effect size is considered small while the self-assessed knowledge effects size is medium. Levene's test results for homogeneity of variance for self-assessed knowledge indicated non-significance self-assessed $p=.06$. Although the Shapiro-Wilk test indicated the absence of normality, skewness and kurtosis (Table 12) were within an acceptable range. The ANOVA test for self-assessed knowledge indicated there was a statistically significant mean difference. Tukey's test for self-assessed knowledge, summarized in Table 19, indicated statistical significant between the 18 to 40 and the 61 years and over age groups. The mean for 18 to 40 years (mean=5.6) was less than 61 years and over (mean=6.1).

Table 19

Tukey's Test Post Hoc Results of Self-assessed Knowledge by Age Group

Group	Mean	Mean Differences ($\bar{X}_i - \bar{X}_k$)			
		18-40	41-50	51-60	61 and Over
18-40 years	5.2	0.00			
41-50 years	5.5	0.33	0.00		
51-60 years	5.4	0.18	0.15	0.00	
61 years and Over	6.1	0.84**	0.51	0.66	0.00

$N=156$; ** $p<.0001$

Research question 4. What are the direction and extent of differences in the financial literacy profile by education level? This research question sought to identify the differences in financial literacy that were influenced by education level. The descriptive analysis by education level indicated the mean tested knowledge score for high school level of education was 13.5 with a standard deviation of 3.88. The associates degree mean tested knowledge score was 14.7 with a standard deviation of

2.11. Bachelor’s degree level of education mean score was 14.9, with a standard deviation of 2.40, and master’s degree or higher mean score was 15.8, with a standard deviation of 1.5. The mean self-assessed score for high school education level was 5.2 with a standard deviation of 1.47. The associates degree education level mean self-assessed score was 5.5 with a standard deviation of 1.05, and bachelor’s degree mean score was 5.4 with a standard deviation 1.32. For the master’s degree or higher, the mean score was 6.0 with a standard deviation of .78. The descriptive analysis by education level is summarized in Table 20.

Table 20

Descriptive Analysis Profiling the Financial Literacy by Education Level

Variable	n	Tested Knowledge Correct (Total possible = 18)		Self-Assessed Financial Literacy (Max Score 7)	
		\bar{X}	SD	\bar{X}	SD
Education:					
High School	23	13.5	3.88	5.2	1.47
Associates Degree	21	14.7	2.11	5.5	1.05
Bachelor Degree	62	14.9	2.40	5.4	1.32
Master's Degree or Higher	50	15.8	1.55	6.0	0.78

N=156

A one-way ANOVA test was conducted to assess the direction and extent of differences in the financial literacy by education level. The results of the tested knowledge ANOVA test, summarized in Table 21, were $F(3,152)=5.01$, $p=0.0024$ with an effect size, as measured by eta squared, of .09 (medium). Levene’s test for tested knowledge scores resulted in statistical significance ($p<.0001$) and, therefore, confirms heterogeneity.

Table 21

ANOVA Summary Table of Tested Knowledge for Education Level

Source	<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>Welch F</i>	<i>p</i>
Between	87.98	3	29.33	4.60	0.0024
Within	889.37	152	5.85		
Total	977.36	155			

$N=156$; $\eta^2 = .09$; $\alpha = .05$

Because the heterogeneous and n were unequal, the Welch test was used to determine the Welch F value of 4.60. Again, the Shapiro-Wilk test indicated the absence of normality. The results of a review of the skewness and kurtosis (Table 12) indicated normality was within an acceptable range.

The ANOVA suggested statistically significant mean differences across the four education level groups for tested knowledge existed. Following up with Tukey's test for tested knowledge summarized in Table 22, statistical significance was indicated between high school and master's degree and higher. The high school mean (13.5) was lower than the master's degree and higher mean (15.8). The self-assessed knowledge ANOVA test results, summarized in Table 23, were $F(3,152)=2.35$, $p=.0746$ with an effect size of .04 (small). Levene's test for tested knowledge scores resulted in statistical significance ($p<.0001$) and, therefore, confirms heterogeneity. Because the heterogeneous and n were unequal, the Welch test was used to determine the Welch F value of 2.40. As before, the Shapiro-Wilk test indicated the absence of normality, but the results of a review of the skewness and kurtosis (Table 12) were within an acceptable range. This suggested no statistically significant mean differences across the four education level groups for self-assessed knowledge.

Table 22

Tukey's Test Post Hoc Results of Tested Knowledge by Educational Level

Education Level Group	Mean	Mean Differences ($\bar{X}_i - \bar{X}_k$)			
		High School	Associates Degree	Bachelor's Degree	Master's Degree & Higher
High School	13.5	0.00			
Associates Degree	14.7	1.18	0.00		
Bachelor's Degree	14.9	1.39	0.20	0.00	
Master's Degree and Higher	15.8	2.32**	1.13	0.93	0.00

$N=156$; ** $p < .0001$

Table 23

ANOVA Summary Table of Self-assessed Knowledge for Education Level

Source	Sum of Squares	df	Mean Square	Welch F	p
Between	9.77	3	2.26	2.40	0.0746
Within	210.78	152	1.39		
Total	220.56	155			

$N=156$; $\eta^2 = .04$; $\alpha = .05$

Research question 5. What are the direction and extent of differences in the financial literacy profile by small business classifications? This research question sought to identify any differences in financial literacy that were influenced by small business classification. Descriptive statistics by small business classification for the mean tested knowledge score were 14.0 for pre-venture/start-up, 15.1 for small business, and 15.7 for small-medium enterprises, with the standard deviations of 2.91, 2.39, and 2.09 respectively. The mean self-assessed scores were 5.1 for pre-venture/start-up, 5.6 for small business and 6.0 for small-medium enterprise, with 1.45,

1.11, and .95 standard deviations respectively. Descriptive statistics by small business classification are summarized in Table 24. A one-way ANOVA test was conducted to assess the direction and extent of differences in the financial literacy profile by business classification. The results of the tested knowledge ANOVA test, summarized in Table 25, were $F(2,153)=3.88$, $p=.0227$ with an effect size, as measured by eta squared of .05 (medium). Levene's test results for homogeneity of variance for tested knowledge indicated no statistical significance, $p=.3967$. Once again, the Shapiro-Wilk test indicated the absence of normality. The results of a review of the skewness and kurtosis (Table 12) indicated normality was within an acceptable range.

Table 24

Descriptive Analysis Profiling the Financial Literacy by Small Business Classification

Variable	n	Tested Knowledge Correct (Total possible = 18)		Self-Assessed Financial Literacy (Max Score 7)	
		\bar{X}	SD	\bar{X}	SD
Small Business Classification:					
Pre-Venture/Start-up	35	14.0	2.91	5.1	1.45
Small Business	92	15.1	2.39	5.6	1.11
Small-Medium Enterprise	29	15.7	2.09	6.0	0.95

N=156

Table 25

ANOVA Summary Table of Tested Knowledge for Small Business Classification

Source	Sum of Squares	df	Mean Square	F	p
Between	47.20	2	23.60	3.88	0.0227
Within	930.16	153	6.08		
Total	977.36	155			

N=156; eta squared = .05; $\alpha = .05$

Tukey's test, summarized in Table 26, pointed to statistically significant differences between pre-venture/start-up and small-medium enterprise and no statistically significant differences between small business and pre-venture/start-up or small-medium enterprise.

Table 26

Tukey's Test Post Hoc Results of Tested Knowledge by Small Business Classification

Small Business Classification Group	Mean	Mean Differences ($\bar{X}_i - \bar{X}_k$)		
		Pre-Venture/Start-up	Small Business	Small-Medium Enterprise
Pre-Venture/Start-up	13.4	0.00		
Small Business	15.1	1.07	0.00	
Small-Medium Enterprise	15.7	1.66**	0.59	0.00

$N=156$; ** $p < .0001$

The self-assessed knowledge ANOVA test results summarized in Table 27 was $F(2.153)=4.29$, $p=.00154$ with an effect size of .05 (medium). Levene's test results for homogeneity of variance for tested knowledge indicated no statistical significance, $p=.0927$. The Shapiro-Wilk test indicated the absence of normality, but the results of a review of the skewness and kurtosis (Table 12) were within an acceptable range. This suggested there was a significant mean difference across the three small business classifications for self-assessed knowledge. Performing Tukey's tests, summarized in Table 28, pointed to statistical significance between pre-venture/start-up and small-medium enterprise, and no statistical significance between small business and pre-venture/start-up or small-medium enterprise.

Table 27

ANOVA Summary Table of Self-assessed Knowledge for Small Business Classification

Source	Sum of Squares	df	Mean Square	F	p
Between	11.71	2	5.85	4.29	0.0154
Within	208.85	153	1.37		
Total	220.56	155			

$N=156$; $\eta^2 = .05$; $\alpha = .05$

Table 28

Tukey's Test Post Hoc Results of Self-assessed Knowledge by Small Business Classification

Small Business Classification Group	Mean	Mean Differences ($\bar{X}_i - \bar{X}_k$)		
		Pre-Venture/Start-up	Small Business	Small-Medium Enterprise
Pre-Venture/Start-up	5.0	0.00		
Small Business	5.6	0.49	0.00	
Small-Medium Enterprise	6.0	0.84**	0.36	0.00

$N=156$; ** $p < .0001$

Observations

An observation worth noting during this study was the interest by respondents in the results of the research. At the end of the survey, the respondents were given an opportunity to provide an email to receive information about the results of the research. Of the 177 respondents who completed the survey, 108 (61%) expressed an interest in the results. It appears from the expressed interest of the respondents, small business owners have an interest in their own financial literacy comparable to the researcher's aim to isolate small business owners' financial literacy from the general population in

order to provide stakeholders of the FSBDC network evidence of a need for continuing professional education.

Approximately 15% of the surveys completed had incomplete data, which removed them from the statistical analysis. Excluding the year of birth represented the primary omission, 12.7%. In most cases, the actual year of birth was omitted, but in a few cases, a location was recorded instead of a year. In future research, consideration might be given to designing this demographic question in a manner that would not allow omitting the data. Whether a drop-down menu is used and/or a programmed mandatory response, omitting the birth year voided a substantial amount of useful data.

During the reflective cognitive interviews, commentary from some of the participants revealed life experience and/or stage of life as the reason they did not know correct answers to questions. For example, one participant had never owned a home. Therefore, any questions related to mortgages and mortgage interest were not useful information and were not part of the financial knowledge. Another participant was of retirement age and was no longer concerned about borrowing or credit reporting. For this individual, questions related to these concepts were not relevant, and they were not sure of the correct answer. These comments put forth the notion that financial literacy knowledge might require considering more than merely learning concepts. The importance of the concept in the individual's life might be crucial.

There were 32 expert panel members with backgrounds in education, accounting, financial planning, banking, or financial literacy. All varied in educational degrees and amount and type of experience with financial literacy (see Table 8). Instructions for panel review did not include a definition of financial literacy because the researcher wanted to develop the instrument based on a real-world perspective of

financial literacy, rather than confining experts to an academic definition of the construct. None of the experts requested a definition to complete the panel reviews. All the experts concentrated on money basics rather than a balance between all four financial literacy categories. The coverage of money basics in the final survey was 68%.

Of the 14 surveys selected for this study, questions were used from nine. The most interesting observation was that only one question was selected from the National Financial Capacity Survey (NFCS). The NFCS has been a primary source of data for research on U.S. financial literacy. The NFCS survey is limited to five financial literacy knowledge questions. It has been suggested that it is the benchmark for financial literacy assessment (Lusardi & Mitchell, 2011b); however, only one question relating to mortgages was selected by the experts for this study's survey. Other researchers have proposed NFCS survey is too narrow in focus to concentrate on investing (building assets) concepts. The expert panels' final financial literacy question choices appeared to support this critique of NFCS.

In the four rounds of email send to FSBDCN recipients, the number of respondents to click through to the survey was strong in every round. The first email received 67 clicking through; the second email was 52, and the third email was 59. Initially, the FSBDCN agreed to send three emails to gather data so as not to interfere with the FSBDCN annual survey conducted at the beginning of every year. After seeing the results of the first three emails, a request was made to send one more, the fourth. The request was approved, and an additional 59 recipients clicked through to the survey. It is not known whether this strong response was influenced by the nature of the recipients (small business owners) or the subject of the survey (financial literacy).

Financial literacy concepts in the literature were placed into four groups: money basics, borrowing, building assets, and protecting assets. Results of the exploratory factor analysis indicated only three groups for the items in the instrument created in this study. The group themes were: money basics, money concepts (understanding of definitions or concepts), and money managing. It appears that rather than viewing the financial literacy construct from the perspective of difference subject concept groups, financial literacy should be defined by the activity (i.e., knowledge and understanding, basic concepts of using money, managing money).

Chapter 5

Summary, Conclusions, Implications, and Recommendations

The purpose of this study was to assess the financial literacy continuing professional education cognitive needs of Florida small business owners. The parts of this chapter include a summary, conclusions, implications, and recommendations for further research.

The following research questions guided this study:

1. What is the financial literacy profile of the Florida small business owners?
2. What are the direction and extent of differences in the financial literacy profile by gender?
3. What are the direction and extent of differences in the financial literacy profile by age?
4. What are the direction and extent of differences in the financial literacy profile by education level?
5. What are the direction and extent of differences in the financial literacy profile by small business classification?

Summary

Financial literacy has been a topic of concern around the world (Lusardi & Mitchell, 2011a, 2011b, 2013, 2014). In the U.S., it has captured the attention of the President and numerous public and private agencies as well as the business world (PACFC, 2013a, 2013b; PACFL, 2009; Schwab, 2009). This research examined financial literacy as it related to establishing the continuing professional education cognitive needs of Florida small business owners.

The research consisted of two components: (a) development of a financial literacy assessment instrument and (b) survey of West Central Florida small business owners. The instrument was developed using a five-step process with an expert panel of 32 professionals whose backgrounds were in education, accounting, financial planning, banking, or financial literacy. After review and evaluation, the panel reduced a pool of 160 tested knowledge and 8 self-assessed knowledge financial literacy questions to the final instrument containing 18 tested knowledge and 5 self-assessed questions. After a reflective cognitive review and field testing, the instrument was administered via an online survey which was emailed four different times to clients of the Florida West Central region of the Florida Small Business Development Center Network at the University of South Florida. The resulting data provided a financial literacy profile of Florida small business owners, and any significant differences in financial literacy within the four variables considered.

Conclusions

Based on the results of this study, the conclusions that accrued from this study are as follows.

The small business owners' financial literacy profile reflects a high understanding of financial literacy. All scores for tested knowledge and self-assessed knowledge were high. Small business owners have knowledge as well as confidence in their understanding of financial literacy.

The mean financial literacy score of males was higher than females. Both tested knowledge and self-assessed knowledge scores were greater for males than females. The results of this research were similar to those of other studies conducted globally

(Allgood & Walstad, 2013, Atkinson & Messey, 2012; GFLEC, 2016b; Lusardi & Mitchell, 2008, 2011a, 2011b, 2014; Lusardi & Wallace, 2013; Mottola, 2013).

Age difference did not contribute to differences in tested knowledge financial literacy scores, except between the young (18 to 40 year olds) and elderly (61 years and older) age groups. Older small business owners, over the age of 61 years scored slightly higher than those between the ages of 41 years and 60 years old. Younger small business owners, 18 to 40 years of age, scored slightly lower than those between the ages of 41 years and 60 years old.

Age was a contributor to differences in confidence with financial literacy knowledge. Confidence, based on in the self-assessed scores, increased with age. There were notable differences in the age group self-assessed knowledge scores. Small business owners over the age of 61 years had the highest scores, indicating the most confidence in their financial literacy knowledge. Younger small business owners, aged 18 to 40 years, had the lowest level of confidence. Middle-aged small business owners, ages 41 to 60 years, were in the middle.

Education levels also impacted financial literacy knowledge. The greater the level of education obtained by a small business owner, the higher the scores of financial literacy knowledge in agreement with previous research (Atkinson & Messey, 2012; GFLEC, 2016b, Lachance, 2014). Self-assessed scores also increased with the education level, but confidence in financial literacy knowledge was not as strongly impacted by education levels as was tested knowledge.

Pre-venture/start-up business owners had the lowest tested and self-assessed knowledge scores in small business classifications. Knowledge scores improved with

business owners who had more time running a business. Business owners in the small-medium enterprise business classification had the most confidence and highest tested knowledge.

Implications

The findings of this study may have continuing professional education implications for private businesses and government agencies providing educational programs, entrepreneurship programs at Florida universities, Florida SBDC stakeholders, Florida SBDC consultants, small business owners, and the Florida legislature.

Private businesses and government agencies. Implications of this research indicate the need for organizations providing educational programs for small business owners to consider addressing the lower levels of financial literacy (both tested and self-assessed) realized by the younger age group (18 to 40 years) and less experienced business owners (in business less than three years). Additionally, women of all ages and business experience might benefit from programs specifically targeted at improving their financial knowledge and confidence level. In addition to educational programs for women, these organizations might consider creating or supporting volunteer outreach programs to provide mentoring and consulting.

Entrepreneurship programs. University entrepreneurial programs could consider providing education (formal and informal, such as at the SBDC) addressing the need for financial literacy education for younger individuals. These programs might also be designed to provide varying levels of education, rather than a generic single program for all small business owners. With this in mind, younger start-up and newer business owners would be provided a basic level of education, while older experienced business

owners could have access to a more challenging program of education.

Entrepreneurship programs could also consider supporting education at the high school level aiming to improve financial literacy prior to starting college or a small business.

Small Business Development Center (SBDC) stakeholders. In supporting the SBDC, stakeholders might encourage educational programs to be directed towards improvement of financial literacy for groups falling below the average level of small business owner financial literacy (e.g., younger women start-up business owners). Stakeholders, such as financial institutions, might also consider participating in the programs they support to create a greater source of knowledge for small business owners.

Small Business Development Center (SBDC) consultants. SBDC consultants may consider a new client's profile (gender, age, education level, and business classification) when responding to the client's requests. This could help the consultants improve understanding of the client's potential financial literacy needs. With a better understanding, consultants' ability to direct new clients to the best possible continuing professional education programs in support of the small business owners' attempts to build and grow their businesses might be enhanced. SBDC consultants should consider evaluating their own level of financial literacy and improve any areas where their knowledge or confidence might be lacking.

Small business owners. With an awareness of their own financial literacy profile, small business owners can assess personal strengths and weakness and seek opportunities to increase their own financial literacy. Aided by guidance from

knowledgeable empathetic consultants, small business owners' confidence in their financial literacy can also be improved, resulting in more effective businesses in the state of Florida.

Florida Legislature. In 2013, the Florida Legislature passed House Bill No. 2007 allocating four million dollars to the FSBDCN to provide support for Florida small business owners (K-20 Education, 2013). As the legislature continues to distribute these dollars, it behooves lawmakers to understand the small business owners' financial literacy profile. With this knowledge, the legislature can provide dedicated resources to financial literacy initiatives within the budget to address small business owners' financial literacy needs.

Recommendations for Further Research

Based on the findings from this research, there are several recommendations for further study:

1. This study was limited to small business owners in the West Central region of Florida. Conducting research using the entire state of Florida for sample selection would allow evaluation of different regions to confirm whether the same financial literacy profile exists throughout the state.

2. This study focused on Florida small business owners' financial literacy. Conducting research with this study's instrument on a state-by-state basis would facilitate evaluating whether small business owners in other states have similar or different financial literacy profiles. Since Florida ranks third in the U.S. for the number of small business, behind California and Texas, particular attention could be given to these three states (SBA, 2012).

3. The literature review revealed the lack of a consensus of an instrument to assess financial literacy. The questions used in the National Financial Capabilities Study (NFCS) have been called a benchmark for financial literacy assessment (Lusardi & Mitchell, 2011b). These questions have also been criticized as too narrow in focus and too short (Finke & Huston, 2014; Huston, 2010); Nicolini et al., 2013). An exploration of correlations between responses to this study's assessment and the NFCS assessment from the same participants could provide new insights into past evaluations of financial literacy.

4. Significant gender differences were one of the primary findings in most of the literature (Allgood & Walstad, 2013, Atkinson & Messey, 2012; GFLEC, 2016b; Lusardi & Mitchell, 2008, 2011a, 2011b, 2014; Lusardi & Wallace, 2013; Mottola, 2013). Time and time again, females score lower than males. Exploring gender differences in more quantitative detail together with qualitative research for each variable (age, education level, and business classification) might give better insight reasons or causes for the differences. This could improve tailoring of continuing professional educational programs to women's needs.

5. Further research to investigate the relationship between the tested knowledge score and self-assessed score might assist in identifying correlations, including possible predictability, between the two.

6. The model developed for this study identified three financial literacy domains: cognitive, affective, and social. Further exploration of the affective and social domains of financial literacy, including possible correlations or interdependencies, might provide a view of the whole person's financial literacy, not just the intellect.

7. The instrument in this research focused on basic financial literacy (money basics, borrowing, building assets, and protecting assets). There were several concepts excluded from the instrument based on the expert panel's recommendation. Some of these concepts were identified: investing, investment analysis, and economics. Identifying the next level financial literacy might be helpful in developing continuing profession education for more experienced small business owners.

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Appendices

Appendix A

Big Five Financial Literacy Survey Questions

Questions 1 – 3 were used by Health and Retirement Study (2004); 1-4 were used by International Market Research Company (2011), Euro Survey of Austrian Central Bank (2007), Pureprofile Web Panel (2013); and, questions 1-5 were used by NFCS (2009, 2012).

- a) Suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?
- More than \$102
 - Exactly \$102
 - Less than \$102?
 - Do not know
 - Refuse to answer
- b) Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, would you be able to buy
- More than
 - Exactly the same as
 - Or less than today with the money in this account
 - Do not know
 - Refuse to answer
- c) True or false? “Buying a single company stock usually provides a safer return than a stock mutual fund.”
- True
 - False
 - Do not know
 - Refuse to answer
- d) If interest rates rise, what will typically happen to bond prices?
- They will rise
 - They will fall
 - They will stay the same
 - There is no relationship between bond prices and interest rates
 - Do not know
 - Prefer not to say
- e) True or false: A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less.
- True
 - False
 - Don't know
 - Prefer not to say

Sources: Agnew, 2013; Allgood, 2013; Beckmann, 2013; Bumcrot et al., 2013; Lusardi, 2012; Scheresberg, 2013

Appendix B

Institutional Letter of Support



Helping Businesses Grow & Succeed

FSBDC Network State Office
UWF, Center for Research and Economic Opportunity
Suntrust Tower, Suite 301
220 West Garden Street
Pensacola, FL 32502
P 850.898.3479
www.FloridaSBDC.org

7/7/2015

University of South Florida
Research and Innovation
Institutional Review Board (IRB)
4202 E. Fowler Avenue,
Tampa, FL 33620

Dear Members of the Committee:

On behalf of the Florida Small Business Development Center Network (FSBDCN), it is my pleasure to write a letter in support of the proposal, "Financial Literacy Professional Continuing Education Cognitive Needs Assessment for Florida Small Business Owners", being submitted to the University of South Florida Research and Innovation, Institutional Review Board by Pearl Dahmen Para of the College of Education Department of Leadership, Counseling, Adult, Career and Higher Education at the University of South Florida.

As CEO and State Director of the FSBDCN, I have been associated with Ms. Para during her tenure as a Business Consultant with the FSBDC at the University of South Florida. As a Certified Public Accountant, she has led the Tampa Bay area in developing and delivering financial education to our clients. This experience inspired her research, and I am delighted that she has chosen our clients for the study's population.

I am aware that Ms. Para intends to conduct her research by surveying our clients. I fully support her research as any research that can help us to better understand our clients' needs and enhance our decision-making processes in providing education will benefit our organization, our clients, and the State of Florida.

Should you have any questions or concerns, please feel free to contact my office at (850) 898-3479.

Sincerely,

A handwritten signature in black ink that reads "Michael W. Myhre".

Michael Myhre
CEO and Network State Director

State Designated as Florida's Principal Provider of Business Assistance [§ 288.001, Fla. Stat.]



Appendix C

Pool of Financial Literacy Questions

Table C1

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
1	Suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years how much do you think you would have in the account, if you left the money to grow? <ul style="list-style-type: none"> • More than \$102 • Exactly \$102 • Less than \$102 	K1 K2	ALP DHS HRS NFCS			Chg	EX	
2	If interest rates rise, what will typically happen to bond prices? <ul style="list-style-type: none"> • They will rise • They will fall • They will stay the same <p>ALTERNATIVE WORDING</p> <p>If interest rates fall, what should happen to bond prices?</p> <ul style="list-style-type: none"> • They will rise • They will fall • They will stay the same 	K1	ALP (2) NFCS DHS		EX			
3	Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, would you be able to buy: <ul style="list-style-type: none"> • More than today • Exactly the same • Less than today 	K1 K2	APL DHS FLN HRS NFCS USIS				EX	

Note: ICR=IRT/CIT Review, Rshr=Researcher, IP=Initial Panel, Val=Validation Panel, Ver=Verification Panel, FT/FR=Field Test/Final Review;

* See Table C2 for key to abbreviations, source and reference;

**Included in final instrument; Dated=question eliminated due to not being current subject matter; Cur/Cul=question eliminated due to currency/culture not applicable to this study's participants; Inc/Econ=questions outside this study's content areas; EX=excluded by expert panel; Chg=wording changed by expert panel suggestions; Correct answers are highlighted in bold.

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
4	Suppose that in the year 2010, your income has doubled and prices of all goods have doubled too. In 2010, how much will you be able to buy with your income? <ul style="list-style-type: none"> • More than today • The same • Less than today 	K2	ALP DHS			Chg	EX	
5	Assume a friend inherits \$10,000 today and his sibling inherits \$10,000 three years from now. Who is richer because of the inheritance? <ul style="list-style-type: none"> • My friend • His sibling • They are equally rich 	K1	ALP DHS		EX			
6	Normally, which asset displays the highest fluctuations over time? <ul style="list-style-type: none"> • Savings accounts • Bonds • Stocks 	K1 FLN	APL DHS		EX			
7	There are annual contribution limits on the amount you can save in a 401(k) plan or IRA that depend on your income. <ul style="list-style-type: none"> • True • False 	K1	ALP		EX			
8	After age 70 1/2, you have to withdraw at least some money from your 401(k) plan or IRA. <ul style="list-style-type: none"> • True • False 	K1 FLN	ALP		EX			

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
9	Consider a long time period (e.g., 10 or 20 years), which asset normally gives the highest return? <ul style="list-style-type: none"> • Savings accounts • Bonds • Stocks 	K1 FLN	ALP DHS		EX			
10	An annuity is a financial product that pays a lump sum when you die. <ul style="list-style-type: none"> • True • False 	K1	ALP				EX	
11	Which statement describes the main function of the stock market? <ul style="list-style-type: none"> • The stock market helps to predict stock earnings • The stock market results in an increase in the price of stocks • The stock market brings people who want to buy stock together with those who want to sell stocks • None of the above • Don't know • Refuse to answer 		ALP DHS		EX			
12	If you buy a company's stock. . . <ul style="list-style-type: none"> • You own a part of the company • You have lent money to the company • You are liable for the company's debt • You can vote on shareholder resolutions • Don't know • Refuse to answer 	K1	ALP DHS		EX			

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
13	<p>If you buy a company's bond. . .</p> <ul style="list-style-type: none"> • You own a part of the company • You have lent money to the company • You are liable for the company's debt • You can vote on shareholder resolutions • Don't know. • Refuse to answer 	FLN	ALP DHS		EX			
14**	<p>If you were to invest \$1000 in a stock mutual fund, it would be possible to have less than \$1000 when you withdraw your money.</p> <ul style="list-style-type: none"> • True • False • Don't know • Refuse to answer 	K1 FLN	ALP					
15	<p>Which statement about mutual funds is correct?</p> <ul style="list-style-type: none"> • Once one invests in a mutual fund, one cannot withdraw the money in the 1st year • Mutual funds can invest in several assets, for example, invest in both stocks & bonds • Mutual funds pay a guaranteed rate of return which depends on their past performance • None of the above • Don't know • Refuse to answer 	FLN	ALP DHS		EX			

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
16	A stock mutual fund combines the money of many investors to buy a variety of stocks, not a single stock. <ul style="list-style-type: none"> • True • False 	K1 FLN	ALP		EX			
17	“Whole life” insurance has a savings feature while “term” insurance does not. <ul style="list-style-type: none"> • True • False 	K1	ALP HHB		EX			
18	The cash value of a life insurance policy is the amount available if you surrender your life insurance policy while you’re still alive. <ul style="list-style-type: none"> • True • False 	K1	ALP HHB		EX			
19	Is the following statement true or false? Housing prices in the US can never go down. <ul style="list-style-type: none"> • True • False 	K1	ALP			EX		
20	Do you think that the following statement is true or false? “Bonds are normally riskier than stocks.” <ul style="list-style-type: none"> • True • False 	K1 FLN	APL (2) DHS			EX		

ALTERNATIVE WORDING

Do you think that the following statement is true or false?
“Stocks are normally riskier than Bonds.”

- **True**
- **False**

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/.FR
21	Buying a company stock usually provides a safer return than a stock mutual fund. <ul style="list-style-type: none"> • True • False 		APL DHS HRS NFCS		EX			
	<ul style="list-style-type: none"> • Don't know • Refuse to answer 							
22	Suppose you had \$100 in a savings account and the interest rate is 20% per year and you never withdraw money of interest payments. After five years, how much would you have in the account in total? <ul style="list-style-type: none"> • More than \$200 • Exactly \$200 • Less than \$200 	FLN	DHS	Cur/Cul	EX			
	<ul style="list-style-type: none"> • Don't know • Refuse to answer 							
23	If you buy a 10-year bond, it means you cannot sell it after five years without incurring a major penalty. <ul style="list-style-type: none"> • True • False 		DHS		EX			
	<ul style="list-style-type: none"> • Don't know • Refuse to answer 							
24	When an investor spreads his money among different assets, does the risk of losing money: <ul style="list-style-type: none"> • Increase • Decrease • Stay the same 	K1 FLN	DHS			EX		
	<ul style="list-style-type: none"> • Don't know • Refuse to answer 							
25**	A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less. <ul style="list-style-type: none"> • True • False 	K1 FLN	NFCS					
	<ul style="list-style-type: none"> • Don't know • Refuse to answer 							

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
26	<p>Suppose you owe \$3,000 on your credit card. You pay a minimum payment of \$30 each month. At an Annual Percentage Rate of 12% (or 1% per month), how many years would it take to eliminate your credit card debt if you made no additional new charges?</p> <ul style="list-style-type: none"> • Less than 5 years • Between 5 and 10 years • Between 10 and 20 years • Never, you will continue to be in debt • Don't know • Prefer not to say 	K1 FLN	TNS		EX			
27	<p>Suppose you owe \$1,000 on your credit card and the interest rate you are charged is 20% per year compounded annually. If you didn't pay anything off, at this interest rate, how many years would it take for the amount you owe to double?</p> <ul style="list-style-type: none"> a. 2 years b. Less than 5 years c. 5 to 10 years d. More than 20 years c. Don't know d. Prefer not to answer 		TNS			Chg		EX
28	<p>You purchase an appliance that costs \$1,000. To pay for this appliance, you are given the following two options: (a) Pay 12 monthly installments of \$100 each; (b) Borrow at a 20% annual interest rate and pay back \$1,200 a year from now. Which is the more advantageous offer?</p> <ul style="list-style-type: none"> • Option (a) • Option (b) • They are the same • Don't know • Prefer not to answer 		TNS		EX			
29	<p>You lent X to a friend on evening and he gives you X back the next day. How much interest has he paid on this loan? [open response: 0]</p>		TNS		EX			

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
30	Imagine that five brothers are given a gift of \$1,000. If the brothers have to share the money equally, how much does each one get? [open response: \$200] Note: Follow up question-#22 Now imagine that the brothers have to wait for one year to get their share of the X. In one year's time will they be able to buy:[Multiple choice] a) More b) the same amount c) less than they could buy today		OECD				EX	
31	High inflation means that the cost of living is increasing rapidly. [True/False]		OECD				EX	
32	An investment with a high return is likely to be high risk. [True/False]		OECD				EX	
33**	It is usually possible to reduce the risk of investing in the stock market by buying a wide range of stocks and shares. [True/False]		OECD				Chg	
34	Financially, investing in the stock market is better than buying lottery tickets. [True/False] ALTERNATIVE WORDING Financially, investing in the stock market is not better than buying lottery tickets. [True/False]		OECD				EX	
35	Suppose you put \$100 into a savings account with a guaranteed interest rate of 2% per year. You don't make any further payments into this account and you don't withdraw any money. How much would be in the account at the end of the first year, once the interest payment is made? [Open response: \$102] Continued with #36		OECD	Open-ended			EX	

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
36	and how much would be in the account at the end of five years? Would it be: a) More than \$110 b) Exactly \$110 c) Less than \$110 d) Or is it impossible to tell from the information given		OECD	Open-ended	EX			
37	Let's assume that you took a bank credit of 10,000 rubles to be paid back during a year in equal monthly payments. The credit charge [interest] is 600 rubles. Give rough estimate of the annual interest rate on your credit. The interest rate is about: <ul style="list-style-type: none"> • 3% • 6% • 9% • 13% • I cannot estimate it even roughly 	K2	WBG	Currency/Culture	EX			
38	Which is the riskier asset to invest in? <ul style="list-style-type: none"> • Shares in a single company stock • Shares in a unit fund • Risks are identical in both cases • Don't Know 		WBG		EX			
39	Assume that you deposit 100,000 rubles in a bank account for 2 years at 8% interest rate. How much money will you have in your account in 2 years if you do not withdraw from or add to this account any money? <ul style="list-style-type: none"> • More than \$100,000 rubles • Exactly \$100,000 rubles • Less than \$100,000 rubles • I cannot come up with even a rough number 	K2	WBG	Cur/Cul	EX			
40	Assume that you saw a TV set of the same model on sale in two different shops. The initial retail price of it was 10,000 rubles. One shop offered a discount of 1,500 rubles, while the other on offered a 10% discount. Which one is the better bargain—a discount of 1,500 rubles or 10%? <ul style="list-style-type: none"> • A discount of 1,500 rubles • A 10% discount • I cannot estimate it even roughly 	K2	WBG	Cur/Cul	EX			

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
41	You invested \$1,000 in a stock two years ago. The stock's trading price declined 40% the first year and rose 40% the next. As a result, you've a) lost money b) made money c) broken even		VCP		EX			
42	Let's say the price/earnings ratio on Standard & Poor's 500-stock index is 23 and its dividend yield is 2.5%. This means that the stock market is relatively a) undervalued by historical standards b) over valued c) fairly value		VCP			EX		
43	If a financial planner's business card says that he or she is a Registered Investment Adviser, the planner a) meets rigorous standards set by the SEC b) is recommended by the SEC c) has simply paid a \$150 registration fee to the SEC		VCP		EX			
44	You own shares in the Germany Fund. The value of your fund's investment in U.S. dollars would be higher if a) the dollar weakens against the Deutsche mark b) the dollar strengthens against in either; c) a change in the dollar's value doesn't matter in this case		VCP	Cur/Cul	EX			
45	A broker recommends a municipal bond that matures in 1999 but is likely to be called, or redeemed, as early as 1994. The best gauge of your expected return is its a) current yield b) yield to maturity c) yield to call		VCP		EX			
46	You're considering investing in a mutual fund expected to distribute \$1 a share in dividends. You should a) buy now so you'll get the distribution b) buy after the distribution is paid c) buy either way, because it doesn't matter		VCP		EX			

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
47	The figure that best reflects a mutual fund's performance over a period of years is 1. its current yield 2. the total of dividends and capital gains it has paid 3. its total return		VCP			EX		
48	If interest rates climb one percentage point, which of these securities would be hurt the least? 1. a 20-year zero-coupon bond 2. a 20-year bond selling at its face value 3. a 20-year bond selling at a premium above its face value		VCP		EX			
49	Investing in a mutual fund that holds a diversified portfolio of stocks protects your investment against market declines. True or false ?		VCP		EX			
50	You can't lose money investing in a U.S. Treasury bond, because it is backed by the United States Government. True or false ?		VCP		EX			
51	Which bank account is likely to pay the highest interest rate on money saved? 1. Savings account 2. Six month CD or certificate of deposit 3. Three year CD		HF			EX		
52	Net worth is equal to: 1. Total assets 2. Total assets plus liabilities 3. Total assets minus liabilities		HF				EX	
53**	If your assets increase by \$5,000 and your liabilities decrease by \$3,000, your net worth would 1. Increase by \$2,000 2. Increase by \$8,000 3. Increase by \$3,000		HF					

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FF/FT
54	Savings accounts and money market accounts are most appropriate for 1. Long-term investments like retirement 2. Emergency funds and short-term goals 3. Earning a high rate of return		HF		EX			
55	On which type of loan is interest never tax deductible? 1. A home equity loan 2. An adjustable rate mortgage 3. A personal vehicle loan		HF		EX			
56	The main advantage of a 401(k) plan is that it: 1. Provides a high rate of return with little risk 2. Allows you to shelter retirement savings from taxation 3. Provides a well-diversified mix of investment assets		HF			EX		
57**	To ensure that some of your retirement savings will not be subject to income tax upon withdrawal, you would contribute to: 1. A Traditional IRA or Individual Retirement Account 2. A Roth IRA 3. A 401(k) plan		HF			Chg		
58	To ensure that some of your retirement savings will not be subject to income tax upon withdrawal, you would contribute to: 1. Treasury bills 2. Money market mutual funds 3. Balanced stock funds		HF		EX			
59	Over the long term, stocks have the highest rate of return on money invested. [True/False]		HF			EX		

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
60**	To reduce the total finance costs paid over the life of an auto loan, you should choose a loan with the <ol style="list-style-type: none"> 1. Lowest monthly payment 2. Longest repayment term 3. Shortest repayment term 		HF					Chg
61**	If you always pay the full balance on your credit card, which of the following is least important? <ol style="list-style-type: none"> 1. Annual interest rate 2. Annual fees 3. Line of credit 		HF					
62	Which type of mortgage would allow a first-time homebuyer to qualify for the highest loan amount? <ol style="list-style-type: none"> 1. Fixed-rate mortgage 2. Adjustable-rate mortgage 3. Reverse mortgage 		HF			EX		
63.	If you have an insurance policy with a higher deductible, the premiums will be? <ol style="list-style-type: none"> 1. Higher 2. Lower 3. The same 4. Don't know 5. Prefer not to answer 		HF		EX			
64	Which household would typically have the greatest life insurance needs? <ol style="list-style-type: none"> 1. A middle-class retired couple 2. A middle-aged working couple with children in college 3. A single-earner family with two young children in pre-school 4. Don't know e. Prefer not to answer 		HF		EX			

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
65	Which of the following types of insurance is most important for single workers without children? a. Life insurance b. Disability income insurance c. Dental insurance d. Don't know e. Prefer not to answer		HF		EX			
66	Which policy provides the most coverage at the lowest cost for a young family? a. Renewable term life b. Whole life c. Universal life		HF		EX			
67	Checking account reconciliation involves a. balancing bank statements with your checkbook records to determine if there are errors. b. reconciling current bank statement with the previous month's statement to determine if there are errors. c. subtracting outstanding checks to your checkbook balance to determine if your checks have been properly processed. d. adding outstanding checks to your checkbook balance to improve your creditstanding. e. none of the above.		CV		EX			

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
68	<p>Personal finance literacy can help you</p> <p>A. avoid being victimized by financial scams.</p> <p>B. buy the right kind of insurance to protect you from catastrophic risk.</p> <p>C. learn the right approach to invest for your future needs.</p> <p>D. lead a financially secure life through forming healthy spending habits.</p> <p>E. do all of the above.</p>		CV		EX			
69	<p>If you invest \$1,000 today at 4% for a year, your balance in a year will be</p> <p>A. higher if interest is compounded daily rather than monthly.</p> <p>B. higher if the interest is compounded quarterly rather than weekly.</p> <p>C. higher if the interest is compounded yearly rather than quarterly.</p> <p>D. \$1,040 no matter how the interest is computed.</p> <p>E. \$1,000 no matter how the interest is computed.</p>		CV		EX			
70	<p>If interest rates rise, the price of a Treasury bond will</p> <p>A. increase.</p> <p>B. decrease.</p> <p>C. remain the same.</p> <p>D. trade at a premium.</p> <p>E. be impossible to predict.</p>		CV		EX			
71	<p>You are not overspending if</p> <p>A. you write checks for more than what you have in your checking account.</p> <p>B. your monthly wages are \$500 and credit charges \$1,000.</p> <p>C. you frequently receive calls from collection agencies.</p> <p>D. your monthly debt payment is: 30% of your take-home pay.</p> <p>E. you meet your minimum monthly credit card payments.</p>		CV		EX			

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
72	An overdraft A. occurs when you write a \$1,000 dollar check when you have \$500 in your account. B. is a stop-payment order written by the payee. C. will result in fines. D. All of the above. E. Both A and C.		CV			EX		
73	If you sign a twelve-month lease for \$300 per month, but never occupied the apartment, you legally owe the landlord. A. your security deposit B. your first month's rent of \$300 C. your twelve month's rent of \$3,600 D. nothing E. whatever the landlord requires.		CV			EX		
74	_____ is not a cost of leasing an apartment. A. Security deposit B. Monthly rental payment C. Expenses incurred for non-compliance of lease terms D. Medical expenses of your friend who fell and broke his arm on the icy pavement E. Security deposit retained by the landlord for damages to property beyond normal wear and tear		CV			EX		
75**	Your net worth is A. the difference between your expenditures and income. B. the difference between your liabilities and assets. C. the difference between your cash inflow and outflow. D. the difference between your bank borrowing and savings E. none of the above.		CV					Chg

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
76	The most liquid asset is A. money in a certificate of deposit account. B. money in a checking account. C. a car. D. an investment account. E. a house (real estate).		CV USIS			EX		
77	Assume you have dependent children, is a \$500 tax credit per child or a \$500 tax deduction per child more valuable to you? A. A \$500 tax credit B. A \$500 tax deduction C. They are the same D. Depends on your tax bracket E. Depends on the number of children you have		CV	Dated		EX		
78	Which of the following is FALSE? A. As shareholders of a mutual fund, you have a right to tell fund managers what securities to buy. B. A mutual fund is a diversified collection of securities used as an investment vehicle. C. A mutual fund is an investment corporation that raises funds from investors and purchases securities. D. Your ownership in a mutual fund is proportional to the number of shares you own in the fund. E. None of the above.		CV			EX		
79	The returns from a balanced mutual fund include A. interest earned on cash in the fund. B. dividends from common stock in the fund. C. interest earned on bonds in the fund. D. capital gains from stocks and bonds in the fund. E. all of the above.		CV			EX		

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
79	Which of the following investments requires that you keep your money invested for a specified period or face an early withdrawal penalty? A. Certificate of deposit B. Checking account that pays interest C. Government savings bond D. Money market mutual fund E. Passbook savings account		CV		EX			
80	Which of the following investments requires that you keep your money invested for a specified period or face an early withdrawal penalty? A. Certificate of deposit B. Checking account that pays interest C. Government savings bond D. Money market mutual fund E. Passbook savings account		CV			EX		
81	Personal financial planning involves A. establishing an adequate financial record keeping system. B. developing a sound yearly budget of expenses and income. C. minimizing taxes and insurance expenses. D. preparing plans for future financial needs and goals. E. examining your investment portfolios to maximize returns.		CV		EX			
82	A dollar-cost-averaging approach to investing involves A. buying low and selling high. B. complex calculations of risk and return. C. selling securities to minimize capital.		CV		EX			
83	No-load mutual funds are recommended over load funds because investors A. do not pay for 12b-I fees. B. can reduce their tax liability. C. are not charged with sales commissions. D. can avoid the funds' administrative expenses. E. believe that the funds have no management charges.		CV		EX			

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
84	No-load mutual funds are recommended over load funds because investors A. do not pay for 12b-1 fees. B. can reduce their tax liability. C. are not charged with sales commissions. D. can avoid the funds' administrative expenses, E. believe that the funds have no management charges. F. Don't know G. Prefer not to answer		CV		EX			
85	Which of the following statements is TRUE about the annual percentage rate (APR)? A. APR is the actual rate of interest paid over the life of the loan. B. APR is expressed as a percentage on an annual basis. C. APR is a good measure of comparing loan costs. D. APR takes into account all loan fees. E. All of the above		CV			EX		
86	You will improve your credit worthiness by A. visiting your local commercial bank. B. showing no record of personal bankruptcies in recent years. C. paying cash for all goods and services. D. borrowing large amounts of money from your friends. E. donating money to charity.		CV		EX			
87**	You can receive your credit report from A. a credit union. B. a commercial bank. C. the Better Business Bureau. D. a credit bureau. E. a professor.		CV			Chg	Chg	Chg

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
88	Which is FALSE concerning credit cards? A. You can use your credit card to receive a cash advance. B. If your credit card balance is \$1,000 and you pay \$300, interest is charged on the unpaid balance of \$700. C. The rate of interest on your credit card is normally higher than you can earn on a certificate of deposit. D. A credit card company will not charge you interest if you payoff the entire balance by the due date. E. you cannot spend more than your line of credit.		CV		EX			
89	If you co-sign a loan for a friend, then A. you become responsible: for the loan payments if your friend defaults. B. it means that your friend cannot receive the loan by himself. C. you are entitled to receive part of the loan. D. Both A and B. E. Both A and C.		CV			EX		
90	The main reason to purchase insurance is to A. protect you from a loss recently incurred. B. provide you with excellent investment returns. C. protect you from sustaining a catastrophic loss. D. protect you from small incidental losses. E. improve your standard of living by filing fraudulent claims.		CV		EX			
91	Which of the following statements is FALSE? A. Term insurance is an excellent investment vehicle. B. You receive no benefits when your term insurance policy expires. C. A term insurance policy is the least expensive form of life insurance. D. A decreasing-term policy reduces coverage over time. E. A level-term policy guarantees a fixed premium over the life of the contract.		CV		EX			

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
92	The main reason to purchase health insurance is: A. After buying health insurance, you are normally covered for pre-existing conditions. B. You have a better chance to choose doctors with a health maintenance organization rather than with a traditional health care insurance company. C. Most policies contain deductible and coinsurance clauses. D. A policy purchased by the individual is cheaper than one purchased through a group. E. None of the above.		CV		EX			
93	Auto insurance companies determine your premium based on A. age of insured. B. record of accidents. C. type and age of vehicle. D. completion of a driver education course. E. all of the above.		CV		EX			
94	A high-risk and high-return investment strategy would be most suitable for A. an elderly retired couple living on a fixed income. B. a couple needing funds for their children's education in two years. C. a young married couple without children. D. all of the above because they all need high return. E. none of the above because they are equally risk adverse.		CV USIS		EX			
95	Your savings accounts in a federally insured commercial bank are insured by A. SIPC to the maximum amount of \$10,000 per account. B. FDIC to the maximum amount of \$100,000. C. FDIC to the maximum amount of \$50,000 per account. D. SLIC to the maximum amount of \$100,000. E. FNMA to the maximum amount of \$100,000 per account.		CV		EX			

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
96	_____ would not ordinarily be covered under a home owner's policy. A. War B. Earthquake C. Flood D. Your being sued by someone for slander E. All of the above		CV		EX			
97	You have a better chance of resolving a complaint against an insurance company by bringing the issue to a government agency at the A. federal level. B. state level. C. county level. D. township level. E. None of the above.		CV		EX			
98	Over the long term, stocks have the highest rate of return on money invested. [True/False]		HHB		EX			
99	Employers are responsible for providing the minority of funds that you will need for retirement. [True/False]		HHB	Dated				
100**	With compound interest, you earn interest on your interest, as well as on your principal. [True/False]		HHB			Chg	Chg	Chg
101**	The earlier you start saving for retirement, the more money you will have because the effects of compounding interest increase over time. [True/False]		HHB			Chg		
102	Your bank will usually call to warn you if you write a check that would overdraw your account. [True/False]		HHB	Dated				
103**	You should have an emergency fund that covers two to six months of your expenses. [True/False]		HHB			Chg		

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
104	If you have a savings account at a bank, you may have to pay taxes on the interest you earn. [True/False]		HHB				Chg	EX
105	Mutual funds pay a guaranteed rate of return. [True/False]		HHB		EX			
106	A stock mutual fund combines the money of many investors to buy a variety of stocks. [True/False]		HHB			EX		
107**	If the interest rate on an adjustable-rate mortgage loan goes up, your monthly mortgage payments will also go up. [True/False]		HHB				Chg	
108**	Repeatedly refinancing your home mortgage over a short period of time results in added fee and points that further increase your debt. [True/False]		HHB					
109	The finance charge on your credit card statement is what you pay to use credit. [True/False]		HHB			EX		
110	If your credit card is stolen and someone uses it before you report it missing, you are only responsible for \$50 no matter how much they charge on it. [True/False]		HHB	Dated				
111	Using extra money in a bank savings account to pay off high interest rate credit card debt is a good idea. [True/False]		HHB			EX		
112**	Your credit report includes employment data, your payments history, any inquiries made by creditors, and any public record information. [True/False]		HHB					Chg
113	If you are behind on debt payments and go to a credit counseling service, they can get the federal government to apply your income tax refund to pay off your debts. [True/False]		HHB		EX			

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
114	If you have any negative information on your credit report, a credit repair agency can help you remove that information. [True/False]		HHB		EX			
115	Creditors are required to tell you the APR that you will pay when you get a loan. [True/False]		HHB			EX		
116	Your credit rating is not affected by how much you charge on your credit cards. [True/False]		HHB			EX		
117	If you expect to carry a balance on your credit card, the APR is the most important thing to look at when comparing credit card offers. [True/False]		HHB			EX		
118	After signing a contract buying a new car, you have three days to change your mind. [True/False]		HHB			EX		
119	When you use your home as collateral for a loan, there is no chance of losing your home. [True/False]		HHB	Dated				
120	Making payments late on your bills can make it more difficult to take out a loan. [True/False]		HHB			EX		
121	You could save thousands of dollars in interest costs by choosing a 15-year rather than a 30-year mortgage. [True/False]		HHB		EX			
122**	If you buy certificates of deposit, savings bonds, or Treasury bills, you can earn higher returns than on a savings account, with little or no added risk. [True/False]		HHB					Chg
123	All investment products bought at your bank are covered by FDIC insurance. [True/False]		HHB		EX			
124	If you start out with \$1,000 and earn an average return of 10% per year for 30 years, after compounding, the initial \$1,000 will have grown to more than \$6,000. [True/False]		CogE		EX			
	ALTERNATIVE WORDING							
	If you start out with \$1,000 and earn an average return of 10% per year for 30 years, even after compounding, the initial \$1,000 will have grown to less than \$6,000. [True/False]							

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
125	If the interest rate falls, bond prices will rise. [True/False] ALTERNATIVE WORDING If the interest rate falls, bond prices will fall. [True/False]		CogE		EX			
126	It is better for young people saving for retirement to combine stocks with long-term (inflation protected) bonds than with short-term (inflation protected) bonds. [True/False] ALTERNATIVE WORDING It is better for young people saving for retirement to combine stocks with short-term (inflation protected) bonds than with long-term (inflation protected) bonds. [True/False]		CogE		EX			
127	Taxes affect how you should invest your money. [True/False] ALTERNATIVE WORDING Taxes do not affect how you should invest your money. [True/False]		CogE			EX		
128	If you invest for the long run, the annual fees of mutual funds are important. [True/False] ALTERNATIVE WORDING If you invest for the long run, the annual fees of mutual funds are unimportant. [True/False]		CogE		EX			
129	It is possible to invest in the stock market in a way that makes it hard for people to take unfair advantage of you. [True/False] ALTERNATIVE WORDING There is no way to avoid people taking advantage of you if you try to invest in the stock market. [True/False]		CogE		EX			

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
130	It is a good idea to own stocks of foreign companies. [True/False] ALTERNATIVE WORDING		CogE		EX			
	It is best to avoid owning stocks of foreign companies. [True/False]							
131	Even older retired people should hold some stocks. [True/False] ALTERNATIVE WORDING		CogE		EX			
	Older retired people should not hold any stocks. [True/False]							
132	When an investor spreads money between 20 stocks, rather than 2, the risk of losing a lot of money decreases. [True/False] ALTERNATIVE WORDING		CogE		EX			
	When an investor spreads money between 20 stocks, rather than 2, the risk of losing a lot of money increases. [True/False]							
133	To make money in the stock market, you should not buy and sell stocks too often. [True/False] ALTERNATIVE WORDING		CogE		EX			
	To make money in the stock market, you have to buy and sell stocks often. [True/False]							
134	Mutual funds do not pay a guaranteed rate of return. [True/False] ALTERNATIVE WORDING		CogE		EX			
	Mutual funds pay a guaranteed rate of return. [True/False]							

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT
135	It is easy to find mutual funds that have annual fees of less than one percent of assets. [True/False]		CogE		EX			
	ALTERNATIVE WORDING							
	It is hard to find mutual funds that have annual fees of less than one percent of assets. [True/False]							
136	Buying a stock mutual fund usually provides a safer return than a single company stock. [True/False]		CogE		EX			
	ALTERNATIVE WORDING							
	Buying a single company stock usually provides a safer return than a stock mutual fund. [True/False]							
137	You should invest in either mutual funds or a large number of different stocks instead of just a few stocks. [True/False]		CogE		EX			
	ALTERNATIVE WORDING							
	You should invest most of your money in a few good stocks that you select rather than in lots of stocks or in mutual funds. [True/False]							
138	Even if you are smart, it is hard to pick individual company stocks that will have better than average returns. [True/False]		CogE		EX			
	ALTERNATIVE WORDING							
	If you are smart, it is easy to pick individual company stocks that will have better than average returns. [True/False]							

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
139	An employee of a company with publicly traded stock should have little or none of his or her retirement savings in the company's stock. [True/False] ALTERNATIVE WORDING An employee of a company with publicly traded stock should have a lot of his or her retirement savings in the company's stock. [True/False]		CogE		EX			
140	An investment advisor tells a 30-year old couple that \$1,000 in an investment that pays a certain, constant interest rate would double in value to \$2,000 after 20 years (by the time they are 50). If so, that investment would be worth \$4,000 after 40 years (by the time they are 70). [True/False] ALTERNATIVE WORDING An investment advisor tells a 30-year old couple that \$1,000 in an investment that pays a certain, constant interest rate would double in value to \$2,000 after 20 years (by the time they are 50). If so, that investment would not be worth \$4,000 for at least 45 years (until they are at least 75). [True/False]		CogE		EX			
141	It is important to take a look at your investments periodically to see if you need to make changes. [True/False] ALTERNATIVE WORDING Once you have made an initial decision about the investment mix for your portfolio, you should avoid making changes to your portfolio until you are close to retirement. [True/False]		CogE		EX			
142	You could save money in interest costs by choosing a 15-year rather than a 30-year mortgage. [True/False] ALTERNATIVE WORDING You could save money in interest costs by choosing a 30-year rather than a 15-year mortgage. [True/False]		CogE		EX			

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
143	Using money in a bank savings account to pay off credit card debt is usually a good idea. [True/False] ALTERNATIVE WORDING Using money in a bank savings account to pay off credit card debt is usually a bad idea. [True/False]		CogE		EX			
144	For a family with a working husband and a wife staying home to take care of their young children, life insurance that will replace three years of income is not enough life insurance. [True/False] ALTERNATIVE WORDING For a family with a working husband and a wife staying home to take care of their young children, life insurance that will replace three years of income is more than enough. [True/False]		CogE		EX			
145	Buying a single company stock usually provides a safer return than a stock mutual fund. [True/False] ALTERNATIVE WORDING Buying a stock mutual fund usually provides a safer return than a single company stock. [True/False]		CogE		EX			
146	Young people should hold somewhat riskier financial investments than older people. [True/False] ALTERNATIVE WORDING Older people should hold somewhat riskier financial investments than young people. [True/False]		CogE		EX			

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
147	The more you diversify among stocks, the more of your money you can invest in stocks. [True/False] ALTERNATIVE WORDING The more you diversify among stocks, the less of your money you should invest in stocks. [True/False]		CogE		EX			
148	Inflation can cause difficulty in many ways. Which group would have the greatest problem during periods of high inflation that last several years? a) Older, working couples saving for retirement. b) Older people living on fixed retirement income. c) Young couples with no children who both work. d) Young working couples with children.		J\$		EX			
149	Which of the following types of investment would best protect the purchasing power of a family's savings in the event of a sudden increase in inflation? a) A 10-year bond issued by a corporation. b) A certificate of deposit at a bank. c) A 25-year corporate bond. d) A house financed with a fixed-rate mortgage.		J\$			EX		
150	Which of the following statements is NOT correct about most ATM (Automated Teller Machine) cards? a) You can generally get cash 24 hours-a-day. b) You can generally obtain information concerning your bank balance at an ATM machine. c) You can get cash anywhere in the world with no fee. d) You must have a bank account to have an ATM Card.		J\$				EX	

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT
151	Which of the following instruments is NOT typically associated with spending? a) Debit card. b) Certificate of deposit. c) Cash. d) Credit card		J\$			EX		
152	David just found a job with a take-home pay of \$2,000 per month. He must pay \$900 for rent and \$150 for groceries each month. He also spends \$250 per month on transportation. If he budgets \$100 each month for clothing, \$200 for restaurants and \$250 for everything else, how long will it take him to accumulate savings of \$600. a) 3 months. b) 4 months. c) 1 month. d) 2 months.		J\$			EX		
153	Many people put aside money to take care of unexpected expenses. If Juan and Elva have money put aside for emergencies, in which of the following forms would it be of LEAST benefit to them if they needed it right away? a) Invested in a down payment on the house. b) Checking account. c) Stocks. d) Savings account		J\$			EX		
154	Which of the following best describes the primary sources of income for most people age 20-35? a) Dividends and interest. b) Salaries, wages, tips. c) Profits from business. d) Rents.		J\$	Inc				

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT
155	<p>Don and Bill work together in the finance department of the same company and earn the same pay. Bill spends his free time taking work-related classes to improve his computer skills; while Don spends his free time socializing with friends and working out at a fitness center. After five years, what is likely to be true?</p> <p>a) Don will make more because he is more social. b) Don will make more because Bill is likely to be laid off. c) Bill will make more money because he is more valuable to his company. d) Don and Bill will continue to make the same money.</p>		J\$	Inc				
156	<p>Matt has a good job on the production line of a factory in his hometown. During the past year or two, the state in which Matt lives has been raising taxes on its businesses to the point where they are much higher than in neighboring states. What effect is this likely to have on Matt's job?</p> <p>a) Higher business taxes will cause more businesses to move into Matt's state, raising wages. b) Higher business taxes can't have any effect on Matt's job. c) Matt's company may consider moving to a lower-tax state, threatening Matt's job. d) He is likely to get a large raise to offset the effect of higher taxes.</p>		J\$	Econ				
157	<p>If you went to college and earned a four-year degree, how much more money could you expect to earn than if you only had a high school diploma?</p> <p>a) About 10 times as much. b) No more; I would make about the same either way. c) A little more; about 20% more. d) A lot more; about 70% more.</p>		J\$	Inc				

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
158	<p>If you had a savings account at a bank, which of the following would be correct concerning the interest that you would earn on this account?</p> <p>a) Earnings from savings account interest may not be taxed. b) Income tax may be charged on the interest if your income is high enough. c) Sales tax may be charged on the interest that you earn. d) You cannot earn interest until you pass your 18th birthday</p>		J\$			EX		
159	<p>Your take home pay from your job is less than the total amount you earn. Which of the following best describes what is taken out of your total pay?</p> <p>a) Social security and Medicare contributions. b) Federal income tax, property tax, and Medicare and social security contributions. c) Federal income tax, social security and Medicare contributions. d) Federal income tax, sales tax, and social security contribution.</p>		J\$		EX			
160	<p>Which of the following is true about sales taxes?</p> <p>a) The national sales tax percentage rate is 6%. b) The federal government will deduct it from your paycheck. c) You don't have to pay the tax if your income is very low. d) It makes things more expensive for you to buy.</p>		J\$		EX			
161	<p>Chelsea worked her way through college earning \$15,000 per year. After graduation, her first job pays \$30,000. The total dollar amount Chelsea will have to pay in Federal Income taxes in her new job will:</p> <p>a) Double, at least, from when she was in college. b) Go up a little from when she was in college. c) Stay the same as when she was in college. d) Be lower than when she was in college.</p>		J\$		EX			

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT
162	<p>Rebecca has saved \$12,000 for her college expenses by working part-time. Her plan is to start college next year and she needs all of the money she saved. Which of the following is the safest place for her college money?</p> <p>a) Locked in her closet at home. b) Stocks. c) Corporate bonds. d) A bank savings account.</p>		J\$			EX		
163	<p>Sara and Joshua just had a baby. They received money as baby gifts and want to put it away for the baby's education. Which of the following tends to have the highest growth over periods of time as long as 18 years?</p> <p>a) A checking account. b) Stocks. c) A U.S. Govt. savings bond. d) A savings account.</p>		J\$			EX		
164	<p>Rob and Mary are the same age. At age 25, Mary began saving \$2,000 a year while Rob saved nothing. At age 50, Rob realized that he needed money for retirement and started saving \$4,000 per year while Mary kept saving her \$2,000. Now they are both 75 years old.</p> <p>a) They would each have the same amount because they put away exactly the same. b) Rob, because he saved more each year. c) Mary, because she has put away more money. d) Mary, because her money has grown for a longer time at compound interest.</p>		J\$			EX		

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FTFR
165	Retirement income paid by a company is called: a) 401 (k). b) Pension. c) Rents and profits. d) Social Security.		J\$		EX			
166	Scott and Eric are young men. Each has a good credit history. They work at the same company and make approximately the same salary. Scott has borrowed \$6,000 to take a foreign vacation. Eric has borrowed \$6,000 to buy a car. Who is likely to pay the lowest finance charge? a) Eric will pay less because the car is collateral for the loan. b) They will both pay the same because the rate is set by law. c) Scott will pay less because people who travel overseas are better risks. d) They will both pay the same because they have almost identical financial backgrounds.		J\$			EX		
167	Under which of the following circumstances would it be financially beneficial to you to borrow money to buy something now and repay it with future income? a) When you need to buy a car to get a much better paying job. b) When you really need a week vacation. c) When some clothes you like go on sale. d) When the interest on the loan is greater than the interest you get on your savings.		J\$			EX		
168	Dan must borrow \$12,000 to complete his college education. Which of the following would NOT be likely to reduce the finance charge rate? a) If he went to a state college rather than a private college. b) If his parents cosigned the loan. c) If his parents took out an additional mortgage on their house for the loan. d) If the loan was insured by the Federal Government		J\$		EX			

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
169	Which of the following statements is true? a) Banks and other lenders share the credit history of their borrowers with each other and are likely to know of any loan payments that you have missed. b) People have so many loans it is very unlikely that one bank will know your history with another bank c) Your bad loan payment record with one bank will not be considered if you apply to another bank for a loan. d) If you missed a payment more than 2 years ago, it cannot be considered in a loan decision.		J\$			EX		
170	Which of the following statements best describes your right to check your credit history for accuracy? a) Your credit record can be checked once a year for free. b) You cannot see your credit record. c) All credit records are the property of the U.S. Government and access is only available to the FBI and Lenders. e) You can only check your record for free if you are turned down for credit based on a credit report.		J\$				EX	
171	If you are behind on your debt payments and go to a responsible credit counseling service such as the Consumer Credit Counseling Services, what help can they give you? a) They can cancel and cut up all of your credit cards without your permission. b) They can get the federal government to apply your income taxes to pay off your debts. c) They can work with those who loaned you money to set up a payment schedule that you can meet. d) They can force those who loaned you money to forgive all your debts.		J\$			EX		

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
172	Which of the following credit card users is likely to pay the GREATEST dollar amount in finance charges per year, if they all charge the same amount per year on their cards? a) Jessica, who pays at least the minimum amount each month and more, when she has the money. b) Vera, who generally pays off her credit card in full but, occasionally, will pay the minimum when she is short of cash c) Megan, who always pays off her credit card bill in full shortly after she receives it d) Erin, who only pays the minimum amount each month.		J\$		EX			
173	If your credit card is stolen and the thief runs up a total debt of \$1,000, but you notify the issuer of the card as soon as you discover it is missing, what is the maximum amount that you can be forced to pay according to Federal law? a) \$500 b) \$1000 c) Nothing d) \$50		J\$	Dated				
174	Barbara has just applied for a credit card. She is an 18-year-old high school graduate with few valuable possessions and no credit history. If Barbara is granted a credit card, which of the following is the most likely way that the credit card company will reduce ITS risk? a) It will make Barbara's parents pledge their home to repay her credit card debt. b) It will require Barbara to have both parents co-sign for the card. c) It will charge Barbara twice the finance charge rate it charges older cardholders. d) It will start Barbara out with a small line of credit to see how she handles the account.		J\$				EX	

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
175	If each of the following persons had the same amount of take home pay, who would need the greatest amount of life insurance? a) An elderly retired man, with a wife who is also retired. b) A young married man without children. c) A young single woman with two young children. d) A young single woman without children.		J\$		EX			
176	If you have caused an accident, which type of automobile insurance would cover damage to your own car? a) Comprehensive. b) Liability. c) Term. d) Collision.		J\$		EX			
177	Many young people receive health insurance benefits through their parents. Which of the following statements is true about health insurance coverage? a) You are covered by your parents' insurance until you marry, regardless of your age. b) If your parents become unemployed, your insurance coverage may stop, regardless of your age. c) Young people don't need health insurance because they are so healthy. d) You continue to be covered by your parents' insurance as long as you live at home, regardless of your age.		J\$	Dated				
178	Many savings programs are protected by the Federal government against loss. Which of the following is not? a) A U. S. Savings Bond. b) A certificate of deposit at the bank. c) A bond issued by one of the 50 States. d) A U. S. Treasury Bond.		J\$		EX			

Continued on the next page

Appendix C continued

Table C1 (continued)

Initial Pool of Financial Literacy Questions for Content Validation Process

#	Question	ICR	Source*	Rshr	IP	Val	Ver	FT/FR
179**	Bank A offers monthly compounding and Bank B offers yearly compounding. Both banks offer the same interest rate. In your opinion, which bank would you choose if you wanted a higher return? a) Bank A b) Bank B c) Both banks offer the same return d) I do not know		USIS					
180	If interest rates are currently low but are expected to rise, which one of the following is the most appropriate action? a) Use long-term loans and short-term savings. b) Use short-term loans and long-term savings. c) Do nothing d) I do not know		USIS		EX			
181	You are likely to obtain the lowest interest on loans with ____? a) Credit card companies b) Banks/credit unions c) Check-cashing firms d) I do not know.		USIS			EX		
182**	Do you think buying stock in a single company is safer than buying stock in several different companies? a) Yes b) No		USIS					

Note: ICR=IRT/CIT Review, Rshr=Researcher, IP=Initial Panel, Val=Validation Panel, Ver=Verification Panel, FT/FR=Field Test/Final Review;

* See Table C2 for key to abbreviations, source and reference;

**Included in final instrument; Dated=question eliminated due to not being current subject matter; Cur/Cul=question eliminated due to currency/culture not applicable to this study's participants; Inc/Econ=questions outside this study's content areas; EX=excluded by expert panel; Chg=wording changed by expert panel suggestions; Correct answers are highlighted in bold.

Appendix C continued

Table C2

Key to Pool of Financial Literacy Questions Source Codes: Source, Number (n), and References

Code	Source	<i>n</i>	Reference
ALP	Survey--American Life Panel	23	Lusardi & Mitchell, 2007; RAND American Life Panel, 2014
CogE	Cognitive Economics Journal Article	24	Hsu, 2011
CV	Journal Article	31	Chen & Volpe, 1998
DHS	Survey—De Nederlandsche Bank Household Survey	16	van Rooij et al., 2007, 2009, 2011
FH	Journal Article	16	Finke & Huston, 2014
FLN	Journal Article	13	Fernandes et al., 2014
HHB	Journal Article	28	Hilgert, Hogarth, & Beverly, 2003
HRS	Survey--Health and Retirement Study	3	Agnew, 2013; Beckmann, 2013; Gale & Levine, 2010; Lusardi, 2012; Lusardi & Mitchell, 2008, 2011; Lusardi, Mitchell, & Curto, 2010
J\$	Jump\$tart	31	JumpStart Coalition, 2007; Mandell, 2006, 2008; Mandell & Klein, 2007, 2009
K1	Journal Article	20	Knolls & Houts, 2012
K2	Journal Article	6	Kunovskaya et al., 2014
NFCS	Survey--National Financial Capabilities Survey	5	Bumcrot et al., 2013; Fernandes et al., 2014; Hastings, Madrian, & Skimmyhorn, 2012; Lachance, 2014; Lusardi, 2011; Mottola, 2013; Nicolini et al., 2013; Scheresberg, 2013; Simms, 2014

Continued on the next page

Appendix C continued

Table C2 (continued)

Key to Pool of Financial Literacy Questions Source Codes: Source, n, and References

Code	Source	<i>n</i>	Reference
OEDC	Survey--Organization for Economic Co-operation and Development	8	Atkinson & Massey, 2011
TNS	Survey--Taylor, Nelson, Sofres Global Survey	3	Lusardi & Tufano, 2009
USIS	University of Southern Indiana Study	7	Alhenawi & Elkhal, 2013
VCP	Journal Article	10	Volpe et al., 1996
WBG	Survey--World Bank Group	4	World Bank, 2009

Appendix D

Panel Members

Table D1

Initial Panel Members and Their Areas of Expertise

Panel Member		Expertise	Organization
Heba	Abuzayyad, MBA, PhD Candidate	Adult Education Economics Research & Measurement	USF Graduate Student
Levon	Blue, PhD	Financial Literacy Adult Education	Griffith University, Australia
Charlene	Bostic, MBA	Small Business Economics	SBDC at USF
Wayne	Brass	Small Business	SBDC at USF
Elizabeth	Brietsbach, PhD	Financial Literacy Economics	University of Arkansas
Dean	Douglas, CPA, MA	Small Business Banking Accounting	Vertex, Inc.
Mario	Iezzoni, CPA, MBA	Small Business Economics Accounting	City of New Port Richey
Carol	Johns, MBA	Small Business Banking	SBDC at USF
Deborah	Kozdras, PhD	Financial Literacy Small Business	Stravos Center
Kimberly	Martin, CPA	Small Business Accounting	Vertex, Inc.

Continued on the next page

Appendix D continued

Table D1 (continued)

Initial Panel Members and Their Areas of Expertise

Panel Member		Expertise	Organization
Bill	McKown, MBA	Financial Literacy Small Business	SBDC at USF
David	Noel, MA	Adult Education Small Business	SBDC at USF
Holly	Rick, PhD	Financial Literacy Economics	University of Phoenix
Eileen	Rodriguez, MBA*	Financial Literacy Small Business	SBDC at USF Regional Director
Rhonda	Rogers, CPA, MA	Financial Literacy Small Business Accounting	Vertex, Inc.
David	Scott	Financial Literacy	Stravos Center
Dmitry	Shevchneko, PhD	Adult Education Economics	Southern Federal University, Russia
Tammy	Talerico, MBA	Financial Literacy	Vertex, Inc.
James	Taylor, MBA	Adult Education Small Business Financial Planning	SBDC at USF
Ashley	Tharayil, PhD	Financial Literacy Economics	University of Nebraska

Note: *Participated in 1st round only; SBDC—Small Business Development Center, USF--University of South Florida

Appendix D continued

Table D2

Validation Panel Members and Their Areas of Expertise

Panel Member		Expertise	Organization
Andrea	Bennett, MA, PhD Candidate	Adult Education	USF Graduate Student
Rebecca	Hodges, CPA, MA	Accounting	Vertex, Inc.
Monique	Joanette. MA	Small Business Financial Literacy Accounting	Vertex, Inc.
Natasha	McKenna, MA	Adult Education	University of Toronto, Canada
Hasan	Nuseibeh, MBA, PhD Candidate	Economics Finance	USF Graduate Student USF Adjunct Instructor
Wendy	Plant, MBA	Small Business	Florida State University

Table D3

Verification Panel Members and Their Areas of Expertise

Panel Member		Expertise	Organization
Pele	Bagwell, CPA, MBA, PhD Student	Economics Finance Accounting	Coca-Cola Company
Eileen	Rodriguez, MBA	Financial Literacy Small Business	SBDC at USF
George	Salis, PhD, JD	Economics Finance Accounting	Vertex, Inc.

Note: SBDC—Small Business Development Center, USF--University of South Florida

Appendix D continued

Table D4

Final Review Panel Members and Their Areas of Expertise

Panel Member		Expertise	Organization
Pele	Bagwell, CPA, MBA PhD Student	Economics Finance Accounting	Coca-Cola
Levon	Blue, PhD	Financial Literacy Adult Education	Griffith University
Elizabeth	Brietsbach, PhD	Financial Literacy Economics	Moore School of Business
Mario	Iezsoni, CPA, MBA	Small Business Economics Accounting	Economic Development Director New Port Richey USF Adjunct Professor
Lynne	Key, PhD	Adult Education	Citigroup
Cheryl	Kirby, PhD	Small Business	FSBDCN Director
Wendy	Plant, MBA	Small Business	FSU Professor
Holly	Rick, PhD	Financial Literacy Economics	University of Phoenix
Yanina	Rosario, MBA	Small Business	SBDC Associate Director
Tanya	Scotese, PhD	Adult Education	Farley Funeral Home
James	Taylor, MBA PhD Candidate	Adult Education Small Business Financial Planning	SBDC Consultant USF Graduate Student
Ashley	Tharayil, PhD	Financial Literacy Economics	University of Nebraska

Note: FSBDCN—Small Business Development Center Network, SBDC—Small Business Development Center, USF--University of South Florida

Appendix E

Request for Participation to Potential Panel Members Email

From: Pearl Para <pjdahmen@mail.usf.edu>
Date: Tue, 9 Jun 2015 11:33:10 -0400
Subject: Small Business Financial Literacy Research
To: <Potential Expert Panel Members>

I am a PhD Candidate at the University of South Florida completing my dissertation (Financial Literacy Continuing Professional Education Needs Assessment for Florida Small Business Owners). I have also been an SBDC consultant in Florida since 2011.

As part of my research, I am developing a financial literacy assessment instrument. Your background would be an excellent addition to my expert panel.

I suspect you are wondering what the expert panel members' responsibilities will entail. Let me give you a brief overview.

The total anticipated time required is estimated to be less than an hour. All evaluation work will be in the form of surveys via the Internet, which will be also mobile device accessible. The tasks panel members will be asked to complete include:

- Reviewing existing financial literacy questions for inclusion
- Review question for appropriateness of language
- Ranking questions order of suitability
- Rating question difficulty

Each task is approximately 20 to 30 minutes, and you will only be asked to complete two. Explicit instructions will accompany the surveys.

Please click on the link below to respond to this email. Feel free to respond using a smartphone or tablet.
http://usf.qualtrics.com/SE/?SID=SV_50hLHZXZm2RhfeJ

If you have any questions, or would like to discuss my research, please feel free to contact me at pjdahmen@mail.usf.edu.

Thank you.

Pearl Dahmen Para
PhD Candidate
University of South Florida

Appendix F

Initial Panel Communications

Initial Panel Confirmation & Round 1 Email

From: Pearl Para <pjdahmen@mail.usf.edu>
Date: Fri, Jul 10, 2015 at 12:54 PM
Subject: Financial Literacy Expert Panel
To: Pearl Dahmen <pjdahmen@mail.usf.edu>

Hello Panel Expert,

Thank you, again, for agreeing to serve as a member of the Expert Panel for my dissertation research.

This email is to provide you with instructions and a link to the online review survey.

The results of your involvement will contribute to the development of the basic financial literacy assessment instrument, which will be used in my research. The purpose of my research study is to identify the financial literacy continuing professional education needs of Florida small business owners.

There are 25 items in the Round 1 survey. You are asked to deliberate on each financial concept to determine whether it should be included in a financial literacy assessment. You will also be given an opportunity to provide comments if you so desire.

Please complete this first round promptly as there are several more rounds of review before the assessment can be finalized. The estimated time to complete this review is less than 15 minutes. If you have any questions or need assistance, please feel free to contact me at pjdahmen@mail.usf.com or [941-962-1211](tel:941-962-1211).

To start the survey, please click on this link, or copy or paste it to your browser, http://usf.qualtrics.com/SE/?SID=SV_bE0dEmJawtysiCV. Then, follow the instructions are below.

NOTE: This survey is mobile friendly and can be accessed with a smartphone or tablet as well as a computer or laptop.

INSTRUCTIONS

The following instructions will be on the opening screen of the survey. Please feel free to print this email so you may refer to them as you complete the survey.

Based on your knowledge of financial concepts, please evaluate each concept listed below to determine whether it is important in assessing the financial literacy of adults age 18 and over. Then, respond YES if you feel it should be included, and NO if not. If you selected YES, please identify which of the four content categories defined below you feel the concept belongs.

The content category definitions are:

Money Basics—concepts necessary to understand and manage money or financial resources.

Borrowing—concepts relating to the debt, using money from a financial institution under an agreement to repay it plus a fee for the privilege of using it.

Building assets—concepts relating to growing and increasing financial resources.

Protecting assets—concepts relating to avoiding the possibility of loss of money and/or financial resources.

Please feel free to comment on any of the concepts in the list.

Best regards,

Pearl Dahmen Para
University of South Florida, PhD Candidate

Continued on the next page

Appendix F continued

Initial Panel Round 2 Email

----- Forwarded message -----

From: Pearl Para <pjdahmen@mail.usf.edu>
Date: Sun, Jul 12, 2015 at 8:30 AM
Subject: Financial Literacy Expert Panel Round 2
To: <email.address>

Dr. <Name>,

Thank you for completing expert panel round 1 and participating in this valuable financial literacy research. In this second round of review, you will be evaluating 32 questions in the pool for the basic financial literacy instrument.

The estimated time to complete the review is 30 minutes or less. Please complete your review as soon as possible. Your input will determine the questions included in future rounds of review by other members of the expert panel. For your convenience, survey allows you to stop at any point. It will automatically save and later return to the place you stopped. If you have any questions or need assistance, please feel free to contact me at pjdahmen@mail.usf.com or [941-962-1211](tel:941-962-1211).

To start the survey, please click on this link, or copy and paste it to your browser: http://usf.qualtrics.com/SE/?SID=SV_bfQnMVYcbzuMId Then, follow the instructions below.

NOTE: This survey is mobile friendly and can be accessed with a smart phone or tablet as well as a computer or laptop.

INSTRUCTIONS

The following instructions will be on the opening screen of the survey. Please feel free to print this email so you may refer to them as you complete the survey.

As you read each question and possible answers (correct answer is bold), identify whether you believe the question should be included or excluded from an instrument used to determine a basic financial literacy score. The goal of this round is to drastically reduce the number of questions in the pool. You are reviewing less than 20% of the pool, therefore, please feel free to be critical in your selection of the questions to include. Only included question you strongly feel should be included; all other questions should be excluded. Questions included will stay in the pool for the next round of review. If you determine a question should be excluded, please identify the reason you believe it should be excluded, please select one of the listed reasons for exclusion:

- **Age/life cycle bias** – Question content is directed toward a specific age group or life cycle. A participant not in the age group or life cycle would probably respond with an incorrect answer.
- **Judgment or belief bias**--The question's response could be influenced by the participant's personal judgments or beliefs. Participants with different beliefs would respond differently to this question.
- **Too specific**--The content of this question is too specific and would not necessarily be financial knowledge useful to the population majority.
- **Too vague**--The content of this question is too general or vague and would not be a good assessment of financial literacy knowledge. Participants could easily guess the answer without having financial knowledge.
- **Other**--Any questions you feel would not be representative of a participant's financial literacy. If you choose this response, please note your reason and/or use the comment section to explain.

Please feel free to comment on any of the question you identify to include for the next round.

Best regards,

Pearl Dahmen Para
University of South Florida, PhD Candidate

Appendix G

Initial Panel Round 1 Online Survey



Dear Expert Panel Member,

Thank you for participating in this valuable financial literacy research. The results of this survey will contribute to the development of the financial literacy assessment test that will be used to assess the research participants. Because of your background and experience, your participation and input are invaluable.

In this Initial Round 1 expert panel review, you are asked to evaluate a list of 25 financial literacy concepts to determine if they should be included in the basic financial literacy assessment test.

Based on your financial knowledge, please consider each of the concepts listed below to determine whether it is important in assessing the basic financial literacy of adults age 18 and over. Then, respond YES if you feel it should be included, and NO if not. If you selected YES, please identify the content category the concepts belongs. The categories are defined below.

Money Basics—concepts necessary to understand and manage money or financial resources.

Borrowing—concepts relating to the debt or using money from a financial institution under an agreement to repay plus a fee for the privilege of using it.

Building assets—concepts relating to growing and increasing financial resources.

Protecting assets—concepts relating to avoiding the possibility of loss of money and/or financial resources.

Please be sure to complete the entire survey, and register your names to confirm your participation.

Continued on the next page

Appendix G continued

Initial Panel Round 1 Online Survey (continued)

	Concept should be included		Appropriate Category			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
Bonds	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Borrowing Interest & APR (Annual Percentage Rate)	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Compound Interest	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Credit & borrowing	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Credit Cards	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Inflation	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insurance (Life)	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insurance (Personal, i.e. disability or long-term care)	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insurance (Property, i.e. home or auto)	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interest Rates	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investing	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investment returns	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loans	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mortgage	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mutual Funds	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Net Worth	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Retirement	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Risk	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investment Diversification	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Short-Term Savings	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spending	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stocks	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stocks vs. Mutual Funds	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Taxes	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Time Value of Money	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Appendix H

Initial Panel Round 2 Online Survey

Initial Panel Round 2, Group 1 Online Survey

Initial Panel - Round 2 Instructions

Dear Expert Panel Member,

Thank you for participating in this valuable financial literacy research.

In Round 2 of the Expert Panel review, you will be evaluating questions in the pool for financial literacy assessment instrument. The final instrument will be administered to U.S. adults age 18 and over using an online survey.

As you read each question and possible answers (correct answer is bold), identify whether you believe the question should be included or excluded from an instrument used to determine a basic financial literacy score. The goal of this round is to drastically reduce the number of questions in the pool. You are only reviewing 20% of the pool, therefore, please feel free to be critical in your selection of the questions to include. Only include questions you strongly feel should be included; all other questions should be excluded.

Questions that are marked included will stay in the pool for the next round of review. If you determine a question should be excluded, please identify the reason you believe it should be excluded. Also, identify the reasons for exclusion from the list below:

- **Age/life cycle bias**—Question content is directed toward a specific age group or life cycle. A participant not in the age group or life cycle would probably respond with an incorrect answer.
- **Judgment or belief bias**—The question's response could be influenced by the participant's personal judgments or beliefs. Participants with different beliefs would respond differently to this question.
- **Too specific**—The content of this question is too specific and would not necessarily be financial knowledge useful to the population majority.
- **Too vague**—The content of this question is too general or vague and would not be a good assessment of financial literacy knowledge. Participants could easily guess the answer without having financial knowledge.
- **Other**—Any questions you feel would not be representative of a participant's financial literacy. If you choose this response, please note your reason and/or use the comment section to explain.

Please feel free to comment on any of the questions you identify to include for the next round.

Initial Panel - Round 2

Suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years how much do you think you would have in the account if you left the money to grow?

- More than \$102**
- Exactly \$102
- Less than \$102
- Don't know
- Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 1 Online Survey Online Survey (continued)

If interest rates rise, what will typically happen to bond prices?

- a. They will rise
- b. They will fall**
- c. They will stay the same
- d. There is no relationship between bond prices and the interest
- e. Don't know
- f. Prefer not to answer

ALTERNATIVE WORDING

If interest rates fall, what will typically happen to bond prices?

- a. They will rise**
- b. They will fall
- c. They will stay the same
- d. There is no relationship between bond prices and the interest
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, would you be able to buy:

- a. More than today
- b. Exactly the same
- c. Less than today**
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 1 Online Survey Online Survey (continued)

Suppose that in the year 2015, your income has doubled and prices of all goods have doubled too. In 2015, how much will you be able to buy with your income?

- a. More than today
- b. The same**
- c. Less than today
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Normally, which asset displays the highest fluctuations over time?

- a. Savings accounts
- b. Bonds
- c. Stocks**
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

There are annual contribution limits on the amount you can save in a 401(k) plan or IRA that depend on your income.

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 1 Online Survey Online Survey (continued)

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to say*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-Too vague
- Exclude-Other

Comments

Consider a long time period (e.g. 10 or 20 years), which asset normally give the highest return?

- a. *Savings accounts*
- b. *Bonds*
- c. **Stocks**
- d. *Don't know*
- e. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-Too vague
- Exclude-Other

Comments

Which statement describes the main function of the stock market?

- a. *The stock market helps to predict stock earnings*
- b. *The stock market results in an increase in the price of stocks*
- c. **The stock market brings people who want to buy stock together with those who want to sell stocks**
- d. *None of the above*
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 1 Online Survey Online Survey (continued)

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

If you were to invest \$1,000 in a stock mutual fund, it would be possible to have less than \$1,000 when you withdraw your money.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Which statement about mutual funds is correct?

- a. *Once one invests in a mutual fund, one cannot withdraw the money in the 1st year.*
- b. **Mutual funds can invest in several assets, for example, invest in both stocks & bonds.**
- c. *Mutual funds pay a guaranteed rate of return which depends on their past performance.*
- d. *None of the above*
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 1 Online Survey Online Survey (continued)

Exclude-Other

Comments

"Whole life" insurance has a savings feature while "term" insurance does not.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Buying a company stock usually provides a safer return than a stock mutual fund.

- a. *True*
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

If you buy a 10-year bond, it means you cannot sell it after five years without incurring a major penalty.

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 1 Online Survey Online Survey (continued)

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

When an investor spreads his money among different assets, does the risk of losing money:

- a. *Increase*
- b. **Decrease**
- c. *Stay the same*
- d. *Don't know*
- e. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 1 Online Survey Online Survey (continued)

- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Suppose you owe \$3,000 on your credit card. You pay a minimum payment of \$30 each month. At an Annual Percentage Rate of 12% (or 1% per month), how many years would it take to eliminate your credit card debt if you made no additional new charges?

- a. Less than 5 years
- b. Between 5 and 10 years
- c. Between 10 and 20 years
- d. Never, you will continue to be in debt**
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

You purchase an appliance that costs \$1,000. To pay for this appliance, you are given the following two options: (a) Pay 12 monthly installments of \$100 each; (b) Borrow at a 20% annual interest rate and pay back \$1,200 a year from now. Which is the more advantageous offer?

- a. Option (a)
- b. Option (b)**
- c. They are the same
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 1 Online Survey Online Survey (continued)

Exclude-To vague

Exclude-Other

Comments

Net worth is equal to

a. *Total assets*

b. *Total assets plus liabilities*

c. **Total assets minus liabilities**

d. *Don't know*

e. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

Savings accounts and money market accounts are most appropriate for

a. *Long-term investments like retirement*

b. **Emergency funds and short-term goals**

c. *Increase by \$3,000*

d. *Don't know*

e. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 1 Online Survey Online Survey (continued)

On which type of loan is interest never tax deductible?

- a. Home equity loan
- b. An adjustable rate mortgage
- c. **A personal vehicle loan**
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

 Comments

If you have an insurance policy with a higher deductible, the premiums will be?

- a. Higher
- b. **Lower**
- c. The same
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

 Comments

Which of the following types of insurance is most important for single workers without children?

- a. Life insurance
- b. **Disability income insurance**
- c. Dental insurance
- d. Don't know
- e. Prefer not to answer

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 1 Online Survey Online Survey (continued)

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Checking account reconciliation involves:

- a. balancing bank statement with your checkbook records to determine if there are errors.**
- b. reconciling current bank statements with the previous month's statements to determine if there are errors.
- c. subtracting outstanding checks to your checkbook to determine if your checks have been properly processed.
- d. adding outstanding checks to your checkbook balances to improve your credit standing.
- e. none of the above
- f. Don't know
- g. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

You will improve your credit worthiness by

- a. visiting your local commercial bank
- b. showing no record of personal bankruptcies in recent years.**
- c. paying cash for all goods and services.
- d. borrowing large amounts of money from your friends.
- e. donating money to charity.
- f. Don't know
- g. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 1 Online Survey Online Survey (continued)

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Which is FALSE concerning credit cards

- a. You can use your credit card to receive a cash advance
- b. **If your credit card balance is \$1,000 and you pay \$300, interest is charged on the unpaid balance of \$700.**
- c. The rate of interest on your credit card is normally higher than you can earn on a certificate of deposit.
- d. A credit card company will not charge you interest if you payoff the entire balance by the due date.
- e. you cannot spend more than your line of credit.
- f. Don't know
- g. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

A high-risk and high-return investment strategy would be most suitable for

- a. an elderly retired couple living on a fixed income.
- b. a couple needing funds for their children's education in two years.
- c. **a young married couple without children.**
- d. all of the above because they all need high return.
- e. none of the above because they are equally risk averse.
- f. Don't know
- g. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 1 Online Survey Online Survey (continued)

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

If you are behind on debt payments and go to a credit counseling service, they can get the federal government to apply your income tax refund to payoff your debts.

- a. *True*
- b. False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

If you have any negative information on your credit report, a credit repair agency can help you remove that information.

- a. *True*
- b. False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 1 Online Survey Online Survey (continued)

- b. False
- c. Don't know
- d. Prefer not to answer

ALTERNATIVE WORDING

If you are smart, it is easy to pick individual company stocks that will have better than average returns.

- a. True
- b. False**
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

- Comments

An investment adviser tells a 30-year old couple that \$1,000 in an investment that pays a certain, constant interest rate would double in value to \$2,000 after 20 years (by the time they are 50). If so, that investment would be worth \$4,000 after 40 years (by the time they are 70).

- a. True
- b. False
- c. Don't know
- d. Prefer not to answer

ALTERNATIVE WORDING

An investment adviser tells a 30-year old couple that \$1,000 in an investment that pays a certain, constant interest rate would double in value to \$2,000 after 20 years (by the time they are 50). If so, that investment would not be worth \$4,000 for at least 45 years (until they are at least 75).

- a. True
- b. False**
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 1 Online Survey Online Survey (continued)

- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

If you are smart, it is easy to pick individual company stocks that will have better than average returns.

- a. *True*
- b. *False***
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

An investment adviser tells a 30-year old couple that \$1,000 in an investment that pays a certain, constant interest rate would double in value to \$2,000 after 20 years (by the time they are 50). If so, that investment would be worth \$4,000 after 40 years (by the time they are 70).

- a. *True*
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

An investment adviser tells a 30-year old couple that \$1,000 in an investment that pays a certain, constant interest rate would double in value to \$2,000 after 20 years (by the time they are 50). If so, that investment would not be worth \$4,000 for at least 45 years (until they are at least 75).

- a. *True*
- b. *False***
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Appendix H continued

Initial Panel Round 2, Group 2 Online Survey Online Survey

Initial Panel - Round 2 Instructions

Dear Expert Panel Member,

Thank you for participating in this valuable financial literacy research.

In Round 2 of the Expert Panel review, you will be evaluating questions in the pool for financial literacy assessment instrument. The final instrument will be administered to U.S. adults age 18 and over using an online survey.

As you read each question and possible answers (correct answer is bold), identify whether you believe the question should be included or excluded from an instrument used to determine a basic financial literacy score. The goal of this round is to drastically reduce the number of questions in the pool. You are only reviewing 20% of the pool, therefore, please feel free to be critical in your selection of the questions to include. Only include questions you strongly feel should be included; all other questions should be excluded.

Questions that are marked included will stay in the pool for the next round of review. If you determine a question should be excluded, please identify the reason you believe it should be excluded. Also, identify the reasons for exclusion from the list below:

- **Age/life cycle bias**—Question content is directed toward a specific age group or life cycle. A participant not in the age group or life cycle would probably respond with an incorrect answer.
- **Judgment or belief bias**—The question's response could be influenced by the participant's personal judgments or beliefs. Participants with different beliefs would respond differently to this question.
- **Too specific**—The content of this question is too specific and would not necessarily be financial knowledge useful to the population majority.
- **Too vague**—The content of this question is too general or vague and would not be a good assessment of financial literacy knowledge. Participants could easily guess the answer without having financial knowledge.
- **Other**—Any questions you feel would not be representative of a participant's financial literacy. If you choose this response, please note your reason and/or use the comment section to explain.

Please feel free to comment on any of the questions you identify to include for the next round.

Initial Panel - Round 2

Assume a friend inherits \$10,000 today and his sibling inherits \$10,000 three years from now. Who is richer because of the inheritance?

- a. **My friend**
- b. **His sibling**
- c. **They are equally rich**
- d. **Don't know**
- e. **Prefer not to answer**

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 2 Online Survey Online Survey (continued)

Comments

After age 70 1/2, you have to withdraw at least some money from your 401(k) plan or IRA.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

An annuity is a financial product that pays a lump sum when you die.

- a. *True*
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

If you buy a company's stock...

- a. **You own a part of the company**
- b. *You have lent money to the company*
- c. *You are liable for the company's debt*
- d. *You can vote on shareholder resolutions.*

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 2 Online Survey Online Survey (continued)

- e. *Don't know*
- f. *Prefer not to say*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

A stock mutual fund combines the money of many investors to buy a variety of stocks, not a single stock.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to say*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

The cash value of a life insurance policy is the amount available if you surrender your life insurance policy while you're still alive.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 2 Online Survey Online Survey (continued)

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

Housing prices in the US can never go down.

a. *True*

b. **False**

c. *Don't know*

d. *Prefer not to say*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

Suppose you owe \$1,000 on your credit card and the interest rate you are charged is 20% per year compounded annually. If you didn't pay anything off, at this interest rate, how many years would it take for the amount you owe to double?

a. *2 years*

b. **Less than 5 years**

c. *5 to 10 years*

d. *More than 20 years*

c. *Don't know*

d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 2 Online Survey Online Survey (continued)

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

Housing prices in the US can never go down.

a. *True*

b. **False**

c. *Don't know*

d. *Prefer not to say*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

Suppose you owe \$1,000 on your credit card and the interest rate you are charged is 20% per year compounded annually. If you didn't pay anything off, at this interest rate, how many years would it take for the amount you owe to double?

a. *2 years*

b. **Less than 5 years**

c. *5 to 10 years*

d. *More than 20 years*

c. *Don't know*

d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 2 Online Survey Online Survey (continued)

High inflation means that the cost of living is increasing rapidly.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

It is usually possible to reduce the risk of investing in the stock market by buying a wide range of stocks and shares.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Which is the riskier asset to invest in?

- a. **Shares in a single company stock**
- b. *Shares in a mutual fund*
- c. *Risks are identical in both assets*
- d. *Don't know*
- e. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 2 Online Survey Online Survey (continued)

- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

A broker recommends a municipal bond that matures in 2020 but is likely to be called, or redeemed, as early as 2015. The best gauge of your expected return is its

- a. current yield.*
- b. yield to maturity.*
- c. **yield to call.***
- d. Don't know*
- e. Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

The figure that best reflects a mutual fund's performance over a period of years is

- a. its current yield.*
- b. the total of dividends and capital gains it has paid.*
- c. **its total return.***
- d. Don't know*
- e. Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 2 Online Survey Online Survey (continued)

Comments

Which bank account is likely to pay the highest interest rate on money saved?

- a. *Savings account*
- b. *Six month CD or certificate*
- c. **Three year CD**
- d. *Don't know*
- e. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

If your assets increase by \$5,000 and your liabilities decrease by \$3,000, your net worth would

- a. *Increase by \$2,000*
- b. **Increase by \$8,000**
- c. *Increase by \$3,000*
- d. *Don't know*
- e. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

To reduce the total finance costs paid over the life of an auto loan, you should choose a loan with the

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 2 Online Survey Online Survey (continued)

- a. *Lowest monthly payment*
- b. *Longest repayment term*
- c. **Shortest repayment**
- d. *Don't know*
- e. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Which type of mortgage would allow a first-time homebuyer to qualify for the highest loan amount?

- a. *Fixed-rate mortgage*
- b. **Adjustable-rate mortgage**
- c. *Reverse mortgage*
- d. *Don't know*
- e. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

If you invest \$1,000 today at 4% for a year, your balance in a year will be:

- a. **higher if the interest is compounded daily rather than monthly.**
- b. *higher if the interest is compounded quarterly rather than weekly.*
- c. *higher if the interest is compounded yearly rather than quarterly.*
- d. *\$1,040 no matter how the interest is computed.*
- e. *\$2,000 no matter how the interest is computed.*
- f. *Don't know*
- g. *Prefer not to answer*

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 2 Online Survey Online Survey (continued)

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Which of the following investments requires that you keep your money invested for a specified period or face an early withdrawal penalty?

- a. **Certificate of deposit.**
- b. *Checking account that pays interest.*
- c. *Government savings bond.*
- d. *Money market mutual fund.*
- e. *Passbook savings account.*
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

You can receive your credit report from

- a. *a credit union.*
- b. *a commercial bank.*
- c. *the Better Business Bureau.*
- d. **a credit bureau.**
- e. *a professor.*
- f. *Don't know*
- g. *Prefer not to answer*

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 2 Online Survey Online Survey (continued)

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

The main reason to purchase insurance is to

- a. *protect you from a loss recently incurred.*
- b. *provide you with excellent investment returns.*
- c. **protect you from sustaining a catastrophic loss.**
- d. *protect you from small incidental losses.*
- e. *improve your standard of living by filing fraudulent claims.*
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Auto insurance companies determine your premium based on

- a. *age of insured.*
- b. *record of accidents.*
- c. *type and age of vehicle.*
- d. *completion of a driver education course.*
- e. **all of the above.**
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 2 Online Survey Online Survey (continued)

questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

You should have an emergency fund that covers two to six months of your expenses.

- a. True**
- b. False**
- c. Don't know**
- d. Prefer not to answer**

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

If you have a savings account at a bank, you may have to pay taxes on the interest you earn.

- a. True**
- b. False**
- c. Don't know**
- d. Prefer not to answer**

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 2 Online Survey Online Survey (continued)

Exclude-Other

Comments

Mutual funds pay a guaranteed rate of return.

a. *True*

b. **False**

c. *Don't know*

d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

The finance charge on your credit card statement is what you pay to use credit.

a. **True**

b. *False*

c. *Don't know*

d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

Using extra money in a bank savings account to pay off high interest rate credit card debt is a good idea.

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 2 Online Survey Online Survey (continued)

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

If you invest for the long run, the annual fees of mutual funds are important.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

If you invest for the long run, the annual fees of mutual funds are unimportant.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

It is a good idea to own stocks of foreign companies.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 2 Online Survey Online Survey (continued)

ALTERNATIVE WORDING

It is best to avoid owning stocks of foreign companies.

- a. True
- b. False**
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Many people put aside money to take care of unexpected expenses. If Juan and Elva have money put aside for emergencies, in which of the following forms would it be of LEAST benefit to them if they needed it right away?

- a. Invested in a down payment on the house**
- b. Checking account
- c. Stocks
- d. Savings account
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Barbara has just applied for a credit card. She is an 18-year-old high school graduate with few valuable possessions and no credit history. If Barbara is granted a credit card, which of the following is the most likely way that the credit card company will reduce ITS risk?

- a. It will make Barbara's parents pledge their home to repay Karen's credit card debt.
- b. It will require Barbara to have both parents co-sign for the card.

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 2 Online Survey Online Survey (continued)

- c. *It will charge Barbara twice the finance charge rate it charges older cardholders.*
- d. *It will start Barbara out with a small line of credit to see how she handles the account.***
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
-
- Comments
-

If each of the following persons had the same amount of take home pay, who would need the greatest amount of life insurance?

- a. *An elderly retired man, with a wife who is also retired.*
- b. *A young married man without children.*
- c. *A young single woman with two young children.***
- d. *A young single woman without children.*
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
-
- Comments
-

Appendix H

Initial Panel Round 2, Group 3 Online Survey Online Survey

Dear Expert Panel Member,

Thank you for participating in this valuable financial literacy research.

In Round 2 of the Initial Panel review, you will be evaluating questions in the pool for financial literacy assessment instrument. The final instrument will be administered to U.S. adults age 18 and over using an online survey.

As you read each question and possible answers (correct answer is bold), identify whether you believe the question should be included or excluded from an instrument used to determine a basic financial literacy score. The goal of this round is to drastically reduce the number of questions in the pool. You are only reviewing 20% of the pool, therefore, please feel free to be critical in your selection of the questions to include. Only include questions you strongly feel should be included; all other questions should be excluded.

Questions that are marked included will stay in the pool for the next round of review. If you determine a question should be excluded, please identify the reason you believe it should be excluded, please select one of the listed reasons for exclusion:

- **Age/life cycle bias**—Question content is directed toward a specific age group or life cycle. A participant not in the age group or life cycle would probably respond with an incorrect answer.
- **Judgment or belief bias**—The question's response could be influenced by the participant's personal judgments or beliefs. Participants with different beliefs would respond differently to this question.
- **Too specific**—The content of this question is too specific and would not necessarily be financial knowledge useful to the population majority.
- **Too vague**—The content of this question is too general or vague and would not be a good assessment of financial literacy knowledge. Participants could easily guess the answer without having financial knowledge.
- **Other**—Any questions you feel would not be representative of a participant's financial literacy. If you choose this response, please note your reason and/or use the comment section to explain.

Please feel free to comment on any of the questions you identify to include for the next round.

Initial Panel - Round 2

If you buy a company's bond....

- a. *You own a part of the company*
- b. **You have lent money to the company**
- c. *You are liable for the company's debt*
- d. *You can vote on shareholder resolutionse.*
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 3 Online Survey Online Survey (continued)

Bonds are normally riskier than stocks.

- a. True
- b. False**
- c. Don't know
- d. Prefer not to answer

ALTERNATIVE WORDING

Stocks are normally riskier than bonds.

- a. True**
- b. False
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-Too vague
- Exclude-Other

Comments

Financially, investing in the stock market is better than buying lottery tickets.

- a. True**
- b. False
- c. Don't know
- d. Prefer not to answer

ALTERNATIVE WORDING

Financially, investing in the stock market is not better than buying lottery tickets.

- a. True
- b. False**
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
-

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 3 Online Survey Online Survey (continued)

Exclude-To vague

Exclude-Other

Comments

You are considering investing in a mutual fund expected to distribute \$1 a share in dividends. You should

a. buy now so you will get the distribution.

b. buy after the distribution is paid.

c. buy either way, because it doesn't matter.

d. Don't know

e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

If interest rates climb one percentage point, which of these securities would be hurt the least?

a. a 20-year zero-coupon bond

b. a 20-year bond selling at its face value

c. a 20-year bond selling at a premium above its face value

d. Don't know

e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 3 Online Survey Online Survey (continued)

Investing in a mutual fund that holds a diversified portfolio of stocks protects your investment against market declines.

- a. True
- b. False**
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

The main advantage of a 401(k) plan is that it:

- a. Provides a high rate of return with little risk
- b. Allows you to shelter retirement savings from taxation**
- c. Provides a well diversified mix of investment assets
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Over the long term, stocks have the highest rate of return on money invested.

- a. True**
- b. False
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 3 Online Survey Online Survey (continued)

- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

If you always pay the full balance on your credit card, which of the following is least important?

- a. **Annual interest rate**
- b. Annual fee
- c. Line of credit
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Which household would typically have the greatest life insurance needs?

- a. A middle-class retired couple
- b. A middle-aged working couple with children in college
- c. **A single-earner family with two young children in pre-school**
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 3 Online Survey Online Survey (continued)

You are not overspending if

- a. *you write checks for more than what you have in your checking account.*
- b. *your monthly wages are \$500 and credit charges \$1,000.*
- c. *you frequently receive calls from collection agencies.*
- d. ***your monthly debt payments is: 30% of your take-home pay.***
- e. *you meet your minimum monthly credit card payments.*
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

An overdraft

- a. *occurs when you write a \$1,000 dollar check when you have \$500 in your account.*
- b. *is a stop-payment order written by the payee.*
- c. *will result in fines.*
- d. *all of the above.*
- e. ***both A and C.***
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 3 Online Survey Online Survey (continued)

Your net worth is

- a. the difference between your expenditures and income.
- b. the difference between your liabilities and assets.**
- c. the difference between your cash inflow and outflow.
- d. the difference between your bank borrowing and savings.
- e. none of the above.
- f. Don't know
- g. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

If you co-sign a loan for a friend, then

- a. you become responsible: for the loan payments if your friend defaults.
- b. it means that your friend cannot receive the loan by himself.
- c. you are entitled to receive part of the loan.
- d. both A and B.**
- e. Both A and C.
- f. Don't know
- g. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 3 Online Survey Online Survey (continued)

The main reason to purchase health insurance is

- a. After buying health insurance, you are normally covered for pre-existing conditions.
- b. You have a better chance to choose doctors with a health maintenance organization rather than with a traditional health care insurance company.
- c. Most policies contain deductible and coinsurance clauses.
- d. A policy purchased by the individual is cheaper than one purchased through a group.
- e. **None of the above.**
- f. Don't know
- g. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

You have a better chance of resolving a complaint against an insurance company by bringing the issue to a government agency at the

- a. federal level.
- b. **state level.**
- c. county level.
- d. township level
- e. None of the above.
- f. Don't know
- g. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 3 Online Survey Online Survey (continued)

Over the long term, stocks have the highest rate of return on money invested.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

With compound interest, you earn interest on your interest, as well as on your principal.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

If the interest rate on an adjustable-rate mortgage loan goes up, your monthly mortgage payments will also go up.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 3 Online Survey Online Survey (continued)

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Your credit report includes employment data, your payments history, any inquiries made by creditors, and any public record information.

- a. True**
- b. False**
- c. Don't know*
- d. Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

All investment products bought at your bank are covered by FDIC insurance.

- a. True**
- b. False**
- c. Don't know*
- d. Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 3 Online Survey Online Survey (continued)

Comments

If the interest rate falls, bond prices will rise.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

If the interest rate falls, bond prices will fall.

- a. *True*
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

It is better for young people saving for retirement to combine stocks with long-term (inflation protected) bonds than with short-term (inflation protected) bonds.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

It is better for young people saving for retirement to combine stocks with short-term (inflation protected) bonds than with long-term (inflation protected) bonds.

- a. *True*
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 3 Online Survey Online Survey (continued)

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

Taxes affect how you should invest your money.

a. True

b. False

c. Don't know

d. Prefer not to answer

ALTERNATIVE WORDING

Taxes do not affect how you should invest your money.

a. True

b. False

c. Don't know

d. Prefer not to answer

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

Even older retired people should hold some stocks.

a. True

b. False

c. Don't know

d. Prefer not to answer

ALTERNATIVE WORDING

Older retired people should not hold any stocks.

a. True

b. False

c. Don't know

d. Prefer not to answer

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 3 Online Survey Online Survey (continued)

- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

 Comments

Mutual funds do not pay a guaranteed rate of return.

- a. True**
- b. False
- c. Don't know
- d. Prefer not to answer

ALTERNATIVE WORDING

Mutual funds pay a guaranteed rate of return.

- a. True
- b. False**
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

 Comments

Buying a stock mutual fund usually provides a safer return than a single company stock.

- a. True**
- b. False
- c. Don't know
- d. Prefer not to answer

ALTERNATIVE WORDING

Buying a single company stock usually provides a safer return than a stock mutual fund.

- a. True
- b. False**
- c. Don't know
- d. Prefer not to answer

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 3 Online Survey Online Survey (continued)

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Which of the following instruments is NOT typically associated with spending?

- a. Debit card.
- b. **Certificate of deposit.**
- c. Cash.
- d. Credit card.
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Scott and Eric are young men. Each has a good credit history. They work at the same company and make approximately the same salary. Scott has borrowed \$6,000 to take a foreign vacation. Eric has borrowed \$6,000 to buy a car. Who is likely to pay the lowest finance charge?

- a. **Eric will pay less because the car is collateral for the loan.**
- b. They will both pay the same because the rate is set by law.
- c. Scott will pay less because people who travel overseas are better risks.
- d. They will both pay the same because they have almost identical financial backgrounds.
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 3 Online Survey Online Survey (continued)

- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Which of the following statements is true?

- a. **Banks and other lenders share the credit history of their borrowers with each other and are likely to know of any loan payments that you have missed.**
- b. *People have so many loans it is very unlikely that one bank will know your history with another bank.*
- c. *Your bad loan payment record with one bank will not be considered if you apply to another bank for a loan.*
- d. *If you missed a payment more than 2 years ago, it cannot be considered in a loan decision.*
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

You are likely to obtain the lowest interest on loans with _____?

- a. *Credit card companies.*
- b. **Banks/credit unions.**
- c. *Check-cashing firms.*
- d. *Don't know*
- e. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 3 Online Survey Online Survey (continued)

Comments

Do you think buying stock in a single company is safer than buying stock in several different companies?

- a. Yes
- b. No**
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life cycle bias
- Exclude-Judgment or belief bias
- Exclude-To specific
- Exclude-To vague
- Exclude-Other

Comments

Appendix H continued

Initial Panel Round 2, Group 4 Online Survey Online Survey

Dear Expert Panel Member,

Thank you for participating in this valuable financial literacy research.

In Round 2 of the Initial Panel review, you will be evaluating questions in the pool for financial literacy assessment instrument. The final instrument will be administered to U.S. adults age 18 and over using an online survey.

As you read each question and possible answers (correct answer is bold), identify whether you believe the question should be included or excluded from an instrument used to determine a basic financial literacy score. The goal of this round is to drastically reduce the number of questions in the pool. You are only reviewing 20% of the pool, therefore, please feel free to be critical in your selection of the questions to include. Only include questions you strongly feel should be included; all other questions should be excluded.

Questions that are marked included will stay in the pool for the next round of review. If you determine a question should be excluded, please identify the reason you believe it should be excluded, please select one of the listed reasons for exclusion:

- **Age/life cycle bias**—Question content is directed toward a specific age group or life cycle. A participant not in the age group or life cycle would probably respond with an incorrect answer.
- **Judgment or belief bias**—The question's response could be influenced by the participant's personal judgments or beliefs. Participants with different beliefs would respond differently to this question.
- **Too specific**—The content of this question is too specific and would not necessarily be financial knowledge useful to the population majority.
- **Too vague**—The content of this question is too general or vague and would not be a good assessment of financial literacy knowledge. Participants could easily guess the answer without having financial knowledge.
- **Other**—Any questions you feel would not be representative of a participant's financial literacy. If you choose this response, please note your reason and/or use the comment section to explain.

Please feel free to comment on any of the questions you identify to include for the next round.

Initial Panel - Round 2

An investment with a high return is likely to be high risk.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 4 Online Survey Online Survey (continued)

You invested \$1,000 in a stock two years ago. The stock's trading price declined 40% the first year and rose 40% the next. As a result, you've

- a. **lost money.**
- b. made money.
- c. broke even.
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

If a financial planner's business card says that he or she is a Registered Investment Adviser, the planner

- a. meets rigorous standards set by the SEC.
- b. is recommended by the SEC.
- c. **has simply paid the \$150 registration fee to the SEC.**
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

You can't lose money investing in a U.S. Treasury bond, because it is backed by the United States Government.

- a. True
- b. **False**
- c. Don't know
- d. Prefer not to answer

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 4 Online Survey Online Survey (continued)

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

To ensure that some of your retirement savings will not be subject to income tax upon withdrawal, you would contribute to:

- a. A Traditional IRS or Individual Retirement Account
- b. A Roth IRA**
- c. A 401(k) plan
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Which policy provides the most coverage at the lowest cost for a young family?

- a. Renewable term life**
- b. Whole life
- c. Universal life
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 4 Online Survey Online Survey (continued)

- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

If interest rates rise, the price of a Treasury bond will:

- a. *increase.*
- b. **decrease.**
- c. *remain the same.*
- d. *trade at a premium.*
- e. *be impossible to predict.*
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

If you signed a twelve-month lease for \$300 month but never occupied the apartment, you legally owe the landlord

- a. *your security deposit.*
- b. *your first month's rent of \$300.*
- c. **your twelve month's rent of \$3,600.**
- d. *nothing.*
- e. *whatever the landlord requires.*
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 4 Online Survey Online Survey (continued)

Exclude-Judgment or belief bias

- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

The most liquid asset is

- a. *money in a certificate of deposit.*
- b. *money in a checking account.***
- c. *a car.*
- d. *an investment account.*
- e. *a house (real estate).*
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

The returns from a balanced mutual fund include

- a. *interest earned on cash in the fund.*
- b. *dividends from common stock in the fund.*
- c. *interest earned on bonds in the fund.*
- d. *capital gains from stocks and bonds in the fund.*
- e. *all of the above.***
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 4 Online Survey Online Survey (continued)

Exclude-To vague

Exclude-Other

Comments

Personal financial planning involves

- a. *establishing an adequate financial record keeping system.*
- b. *developing a sound yearly budget of expenses and income.*
- c. *minimizing taxes and insurance expenses.*
- d. **preparing plans for future financial needs and goals.**
- e. *examining your investment portfolios to maximize returns.*
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

Which of the following statements is TRUE about the annual percentage rate (APR)?

- a. *APR is the actual rate of interest paid over the life of the loan.*
- b. **APR is expressed as a percentage on an annual basis.**
- c. *APR is a good measure of comparing loan costs.*
- d. *APR takes into account all loan fees.*
- e. *All of the above.*
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 4 Online Survey Online Survey (continued)

Exclude-To vague

Exclude-Other

Comments

_____ would not ordinarily be covered under a home owners policy.

- a. War.
- b. Earthquake.
- c. Flood.
- d. **Your being sued by someone for slander.**
- e. All of the above.
- f. Don't know
- g. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

The earlier you start saving for retirement, the more money you will have because the effects of compounding interest increase over time.

- a. **True**
- b. False
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 4 Online Survey Online Survey (continued)

Repeatedly refinancing your home mortgage over a short period of time results in added fee and points that further increase your debt.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

If you expect to carry a balance on your credit card, the APR (annual percentage rate) is the most important thing to look at when comparing credit card offers.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Your credit rating is not affected by how much you charge on your credit cards.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 4 Online Survey Online Survey (continued)

questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

If you start out with \$1,000 and earn an average return of 10% per year for 30 years, after compounding, the initial \$1,000 will have grown to more than \$6,000.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

If you start out with \$1,000 and earn an average return of 10% per year for 30 years, after compounding, the initial \$1,000 will have grown to less than \$6,000.

- a. *True*
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

When an investor spreads money between 20 stocks, rather than 2, the risk of losing a lot of money decreases.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

When an investor spreads money between 20 stocks, rather than 2, the risk of losing a lot of money increases.

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 4 Online Survey Online Survey (continued)

- a. *True*
- b. *False***
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

- Comments

It is easy to find mutual funds that have annual fees of less than one percent of assets.

- a. *True***
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

It is hard to find mutual funds that have annual fees of less than one percent of assets.

- a. *True*
- b. *False***
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

- Comments

You should invest in either mutual funds or a large number of different stocks instead of just a few stocks.

- a. *True***
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 4 Online Survey Online Survey (continued)

You should invest most of your money in a few good stocks that you select rather than in lots of stocks or in mutual funds

- a. *True*
- b. *False***
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Using money in a bank savings account to pay off credit card debt is usually a good idea.

- a. *True*
- b. *False***
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

Using money in a bank savings account to pay off credit card debt is usually a bad idea.

- a. *True*
- b. *False***
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

For a family with a working husband and a wife staying home to take care of their young children, life insurance that will replace three years of income is not enough life insurance.

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 4 Online Survey Online Survey (continued)

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

For a family with a working husband and a wife staying home to take care of their young children, life insurance that will replace three years of income is more than enough.

- a. *True*
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Young people should hold somewhat riskier financial investments than older people.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

Older people should hold somewhat riskier financial investments than young people.

- a. *True*
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 4 Online Survey Online Survey (continued)

The more you diversify among stocks, the more of your money you can invest in stocks.

- a. **True**
- b. False
- c. Don't know
- d. Prefer not to answer

ALTERNATIVE WORDING

The more you diversify among stocks, the less of your money you should invest in stocks.

- a. True
- b. **False**
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

- Comments

If you had a savings account at a bank, which of the following would be correct concerning the interest that you would earn on this account?

- a. Earnings from savings account interest may not be taxed.
- b. **Income tax may be charged on the interest if your income is high enough**
- c. Sales tax may be charged on the interest that you earn.
- d. You cannot earn interest until you pass your 18th birthday.
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

- Comments

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 4 Online Survey Online Survey (continued)

Chelsea worked her way through college earning \$15,000 per year. After graduation, her first job pays \$30,000. The total dollar amount Chelsea will have to pay in Federal Income taxes in her new job will:

- a. **Double, at least, from when she was in college.**
- b. Go up a little from when she was in college.
- c. Stay the same as when she was in college.
- d. Be lower than when she was in college.
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Sara and Joshua just had a baby. They received money as baby gifts and want to put it away for the baby's education. Which of the following tends to have the highest growth over periods of time as long as 18 years?

- a. A checking account.
- b. **Stocks.**
- c. A U.S. Government savings bond.
- d. A savings account.
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Rob and Mary are the same age. At age 25, Mary began saving \$2,000 a year while Rob saved nothing. At age 50, Rob realized that he needed money for retirement and started saving \$4,000 per year while Mary kept saving her \$2,000. Now they are both 75

- a. They would each have the same amount because they put away exactly the same.
- b. Rob, because he saved more each year.

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 4 Online Survey Online Survey (continued)

- c. *Mary, because she has put away more money.*
- d. **Mary, because her money has grown for a longer time at compound interest.**
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Under which of the following circumstances would it be financially beneficial to you to borrow money to buy something now and repay it with future income?

- a. **When you need to buy a car to get a much better paying job.**
- b. *When you really need a week vacation.*
- c. *When some clothes you like go on sale.*
- d. *When the interest on the loan is greater than the interest you get on your savings.*
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Which of the following statements best describes your right to check your credit history for accuracy?

- a. **Your credit record can be checked once a year for free.**
- b. *You cannot see your credit record.*
- c. *All credit records are the property of the U.S. Government and access is only available to the FBI and Lenders.*
- d. *You can only check your record for free if you are turned down for credit based on a credit report.*
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 4 Online Survey Online Survey (continued)

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

If interest rates are currently low but are expected to rise, which one of the following is the most appropriate action?

- a. Use long-term loans and short-term savings.**
- b. Use short-term loans and long-term savings.*
- c. Do nothing.*
- d. Don't know*
- e. Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Appendix H

Initial Panel Round 2, Group 5 Online Survey Online Survey

Dear Expert Panel Member,

Thank you for participating in this valuable financial literacy research.

In Round 2 of the Expert Panel review, you will be evaluating questions in the pool for financial literacy assessment instrument. The final instrument will be administered to U.S. adults age 18 and over using an online survey.

As you read each question and possible answers (correct answer is bold), identify whether you believe the question should be included or excluded from an instrument used to determine a basic financial literacy score. The goal of this round is to drastically reduce the number of questions in the pool. You are only reviewing 20% of the pool, therefore, please feel free to be critical in your selection of the questions to include. Only include questions you strongly feel should be included; all other questions should be excluded.

Questions that are marked included will stay in the pool for the next round of review. If you determine a question should be excluded, please identify the reason you believe it should be excluded. Also, identify the reasons for exclusion from the list below:

- **Age/life cycle bias**—Question content is directed toward a specific age group or life cycle. A participant not in the age group or life cycle would probably respond with an incorrect answer.
- **Judgment or belief bias**—The question's response could be influenced by the participant's personal judgments or beliefs. Participants with different beliefs would respond differently to this question.
- **Too specific**—The content of this question is too specific and would not necessarily be financial knowledge useful to the population majority.
- **Too vague**—The content of this question is too general or vague and would not be a good assessment of financial literacy knowledge. Participants could easily guess the answer without having financial knowledge.
- **Other**—Any questions you feel would not be representative of a participant's financial literacy. If you choose this response, please note your reason and/or use the comment section to explain.

Please feel free to comment on any of the questions you identify to include for the next round.

Initial Panel - Round 2

Let's say the price/earnings ratio on Standard & Poor's 500-stock index is 23 and its dividend yield is 2.5%. This means that the stock market is relatively

- a. undervalued by historical standards.*
- b. over valued.***
- c. fairly valued.*
- d. Don't know*
- e. Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 5 Online Survey Online Survey (continued)

A young investor willing to take moderate risk for above-average growth would be most interested in:

- a. Treasury bills
- b. Money market mutual funds
- c. **Balanced stock funds**
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Personal finance literacy can help you:

- a. avoid being victimized by financial scams.
- b. buy the right kind of insurance to protect you from catastrophic risk.
- c. learn the right approach to invest for your future needs.
- d. lead a financially secure life through forming healthy spending habits.
- e. **do all of the above.**
- f. Don't know
- g. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 5 Online Survey Online Survey (continued)

_____ is not a cost of leasing an apartment.

- a. Security deposit.
- b. Monthly rental payments
- c. Expenses incurred for non-compliance of lease terms.
- d. Medical expenses of your friend who fell and broke his arm on the icy pavement.**
- e. Security deposit retained by the landlord for damages to property beyond normal wear and tear.
- f. Don't know
- g. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Which of the following is FALSE?

- a. As shareholders of a mutual fund, you have a right to tell fund managers what securities to buy.**
- b. A mutual fund is a diversified collection of securities used as an investment vehicle.
- c. A mutual fund is an investment corporation that raises funds from investors and purchases securities.
- d. Your ownership in a mutual fund is proportional to the number of shares you own in the fund.
- e. None of the above.
- f. Don't know
- g. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 5 Online Survey Online Survey (continued)

- a. *buying low and selling high.*
- b. **complex calculations of risk and return.**
- c. *selling securities to minimize capital.*
- d. *Don't know*
- e. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

No-load mutual funds are recommended over load funds because investors

- a. *do not pay for 12b-1 fees.*
- b. *can reduce their tax liability.*
- c. **are not charged with sales commissions.**
- d. *can avoid the funds' administrative expenses,*
- e. *believe that the funds have no management charges.*
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Which of the following statements is FALSE?

- a. **Term insurance is an excellent investment vehicle.**
- b. *You receive no benefits when your term insurance policy expires.*
- c. *A term insurance policy is the least expensive form of life insurance.*
- d. *A decreasing-term policy reduces coverage over time.*

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 5 Online Survey Online Survey (continued)

- e. *A level-term policy guarantees a fixed premium over the life of the contract.*
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Your savings accounts in a federally insured commercial bank are insured by

- a. *SIPC to the maximum amount of \$10,000 per account.*
- b. **FDIC to the maximum amount of \$100,000.**
- c. *FDIC to the maximum amount of \$50,000 per account.*
- d. *SLIC to the maximum amount of \$100,000.*
- e. *FNMA to the maximum amount of \$100,000 per account.*
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

A stock mutual fund combines the money of many investors to buy a variety of stocks.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 5 Online Survey Online Survey (continued)

- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Creditors are required to tell you the APR (Annual Percentage Rate) that you will pay when you get a loan.

- a. True**
- b. False**
- c. Don't know*
- d. Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Your credit rating is not affected by how much you charge on your credit cards.

- a. True**
- b. False**
- c. Don't know*
- d. Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 5 Online Survey Online Survey (continued)

Making payments late on your bills can make it more difficult to take out a loan.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

It is possible to invest in the stock market in a way that makes it hard for people to take unfair advantage of you.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

There is no way to avoid people taking advantage of you if you try to invest in the stock market.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 5 Online Survey Online Survey (continued)

To make money in the stock market, you should not buy and sell stocks too often.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

To make money in the stock market, you have to buy and sell stocks often.

- a. *True*
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

An employee of a company with publicly traded stock should have little or none of his or her retirement savings in the company's stock.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

An employee of a company with publicly traded stock should have a lot of his or her retirement savings in the company's stock.

- a. *True*
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 5 Online Survey Online Survey (continued)

It is important to take a look at your investments periodically to see if you need to make changes.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

Once you have made an initial decision about the investment mix for your portfolio, you should avoid making changes to your portfolio until you are close to retirement.

- a. *True*
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

- Comments

You could save money in interest costs by choosing a 15-year rather than a 30-year mortgage.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

You could save money in interest costs by choosing a 30-year rather than a 15-year mortgage.

- a. *True*
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 5 Online Survey Online Survey (continued)

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

Buying a single company stock usually provides a safer return than a stock mutual fund.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

Buying a stock mutual fund usually provides a safer return than a single company stock.

- a. *True*
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Inflation can cause difficulty in many ways. Which group would have the greatest problem during periods of high inflation that last several years?

- a. *Older, working couples saving for retirement.*
- b. **Older people living on fixed retirement income.**
- c. *Young couples with no children who both work.*
- d. *Young working couples with children.*
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 5 Online Survey Online Survey (continued)

Exclude-To vague

Exclude-Other

Comments

Which of the following types of investment would best protect the purchasing power of a family's savings in the event of a sudden increase in inflation?

- a. A 10-year bond issued by a corporation.
- b. A certificate of deposit at a bank.
- c. A twenty-five year corporate bond.
- d. **A house financed with a fixed-rate mortgage.**
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

Which of the following statements is NOT correct about most ATM (Automated Teller Machine) cards?

- a. You can generally get cash 24 hours-a-day.
- b. You can generally obtain information concerning your bank balance at an ATM machine.
- c. **You can get cash anywhere in the world with no fee.**
- d. You must have a bank account to have an ATM card.
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Exclude-To vague

Exclude-Other

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 5 Online Survey Online Survey (continued)

Comments

David just found a job with a take-home pay of \$2,000 per month. He must pay \$900 for rent and \$150 for groceries each month. He also spends \$250 per month on transportation. If he budgets \$100 each month for clothing, \$200 for restaurants and \$250 for everything else, how long will it take him to accumulate savings of \$600.

- a. 3 months
- b. 4 months**
- c. 1 month.
- d. 2 months.
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Which of the following is true about sales taxes?

- a. The national sales tax percentage rate is 6%.
- b. The federal government will deduct it from your paycheck.
- c. You don't have to pay the tax if your income is very low.
- d. It makes things more expensive for you to buy.**
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 5 Online Survey Online Survey (continued)

Rebecca has saved \$12,000 for her college expenses by working part-time. Her plan is to start college next year and she needs all of the money she saved. Which of the following is the safest place for her college money?

- a. Locked in her closet at home.
- b. Stocks.
- c. Corporate bonds.
- d. **A bank savings account.**
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Retirement income paid by a company is called:

- a. 401(k).
- b. **Pension.**
- c. Rents and profits.
- d. Social security.
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Dan must borrow \$12,000 to complete his college education. Which of the following would NOT be likely to reduce the finance charge rate?

- a. **If he went to a state college rather than a private college.**
- b. If his parents cosigned the loan.
- c. If his parents took out an additional mortgage on their house for the loan.
- d. If the loan was insured by the Federal Government.

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 5 Online Survey Online Survey (continued)

- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

If you are behind on your debt payments and go to a responsible credit counseling service such as the Consumer Credit Counseling Services, what help can they give you?

- a. *They can cancel and cut up all of your credit cards without your permission.*
- b. *They can get the federal government to apply your income taxes to pay off your debts.*
- c. ***They can work with those who loaned you money to set up a payment schedule that you can meet.***
- d. *They can force those who loaned you money to forgive all your debts.*
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other
- Comments

Which of the following credit card users is likely to pay the GREATEST dollar amount in finance charges per year, if they all charge the same amount per year on their cards?

- a. *Jessica, who pays at least the minimum amount each month and more, when she has the money.*
- b. *Vera, who generally pays off her credit card in full but, occasionally, will pay the minimum when she is short of cash.*
- c. *Megan, who always pays off her credit card bill in full shortly after she receives it.*
- d. ***Erin, who pays the minimum amount each month.***
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 5 Online Survey Online Survey (continued)

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

If you have caused an accident, which type of automobile insurance would cover damage to your own car?

- a. *Comprehensive.*
- b. *Liability.*
- c. *A young single woman with two young children.*
- d. **Collision.**
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias
- Exclude-Too specific
- Exclude-To vague
- Exclude-Other

Comments

Many savings programs are protected by the Federal government against loss. Which of the following is not?

- a. *A U. S. Savings Bond.*
- b. *A certificate of deposit at the bank.*
- c. **A bond issued by one of the 50 States.**
- d. *A U. S. Treasury Bond.*
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

- Include
- Exclude-Age/life bias
- Exclude-Judgment or belief bias

Continued on the next page

Appendix H continued

Initial Panel Round 2, Group 5 Online Survey Online Survey (continued)

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

Bank A offers monthly compounding and Bank B offers yearly compounding. Both banks offer the same interest rate. In your opinion, which bank would you choose if you wanted a higher return?

- a. **Bank A.**
- b. *Bank B.*
- c. *Both banks offer the same return..*
- d. *Don't know*
- e. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

Include

Exclude-Age/life bias

Exclude-Judgment or belief bias

Exclude-Too specific

Exclude-To vague

Exclude-Other

Comments

Appendix I

Validation Panel Communications

Validation Panel Round 1 Email

From: Pearl Para <pjdahmen@mail.usf.edu>
Date: Fri, Jul 31, 2015 at 8:43 PM
Subject: Financial Literacy Expert Panel - Validation Round 1
To: <panel member>

Hello <Name>,

Thank you, again, for agreeing to serve as a member of the Expert Panel for my dissertation research.

This email is to provide you with instructions and a link to the online review survey.

The results of your involvement will contribute to the development of the basic financial literacy assessment instrument, which will be used in my research. The purpose of my research study is to identify the financial literacy continuing professional education needs of Florida small business owners.

There are 40 items in the Round 1 survey. You are asked to read each question and evaluate the appropriateness of language and wording, as well as the difficulty of each question. You will also be given an opportunity to provide comments if you so desire.

Please complete this first round promptly as there are several more rounds of review before the assessment can be finalized. The estimated time to complete this review is less than 25 minutes. If you have any questions or need assistance, please feel free to contact me at pjdahmen@mail.usf.com or 941-962-1211.

To start the survey, please click on this link, or copy or paste it to your browser, http://usf.qualtrics.com/SE/?SID=SV_06tsn3RgfDf7YIB. Then, follow the instructions are below.

NOTE: This survey is mobile friendly and can be accessed with a smartphone or tablet as well as a computer or laptop.

INSTRUCTIONS

The following instructions will be on the opening screen of the survey. Please feel free to print this email so you may refer to them as you complete the survey.

Based on your knowledge and experience, you will be evaluating 32 questions in the pool for the basic financial literacy assessment instrument and eight self-assessed financial literacy questions. The goal of this round is to substantially reduce the number of questions in the pool. You are only reviewing 50% of the pool, therefore, please feel free to critical and note questions for exclusion. The final instrument will be administered to U.S. adults age 18 and over using an online survey.

In this round, you are asked to read each question and possible answers (correct answer is bold) to evaluate if

1. it has appropriate for language (whether the question is simple, clear and easy to understand),
2. the wording is adequate (whether the question contains wording that is relevant and free from bias, in other words, it portrays a neutral viewpoint), and
3. rate the question difficulty based on the descriptions below.

Continued on the next page

Appendix I continued

Validation Panel Round 1 Email (continued)

Please evaluate each question on the following scale:

	Very Unclear	Unclear	Neutral	Clear	Very Clear
Language	1	2	3	4	5
	Poor	Needs Improvement	Neutral	Good	Excellent
Wording	1	2	3	4	5
	Too Easy	Easy	Average	Difficult	Too Difficult
Question Difficulty	1	2	3	4	5

Difficulty ratings should be based on the following descriptions:

Rating	Description
Very Easy	Common Knowledge, most adults would know this.
Easy	Adult would have acquired this financial literacy knowledge in the course normal K-12 education.
Neutral	Average, requires some understanding of financial literacy and learning <u>over and above</u> normal K-12 concepts.
Difficult	Requires a level of education specifically directed at financial literacy concepts learned through formal or informal study.
Very Difficult	Advance financial literacy concepts learned through formal financial courses in higher learning programs (i.e. financing or investing courses).

Please feel free to comment on any of the questions as you move through this round. Also, note any question that you feel should be excluded or require changes in wording to assess more affectively.

Following the basic financial literacy assessment questions, are eight questions for self-assessing financial literacy. Please read each question and determine whether you believe the question should be included or excluded from a self-assessment financial literacy instrument. If you feel it should be excluded, please comment.

Best regards,
 Pearl Dahmen Para
 University of South Florida, PhD Candidate

Appendix I continued

Validation Panel Round 2 Email

From: Pearl Para <pjdahmen@mail.usf.edu>
Date: Tue, Aug 11, 2015 at 7:09 AM
Subject: Fwd: Financial Literacy Expert Panel - Validation Round 2
To: <panelmember.address>

Hello <Name>

Thank you for completing expert panel round 1 and participating in this valuable financial literacy research. In this second round of review, you will be evaluating 32 financial literacy knowledge questions in the pool for the basic financial literacy instrument and seven financial literacy self-assessment questions.

The estimated time to complete the review is 30 to 45 minutes. Please complete your review as soon as possible. Your input will determine the questions included in future rounds of review by other members of the expert panel. For your convenience, survey allows you to stop at any point. It will automatically save and later return to the place you stopped. If you have any questions or need assistance, please feel free to contact me at pjdahmen@mail.usf.com or 941-962-1211.

To start the survey, please click on this link, or copy and paste it to your browser: http://usf.qualtrics.com/SE/?SID=SV_cGP1idQLI2URLGI Then, follow the instructions below.

NOTE: This survey is mobile friendly and can be accessed with a smart phone or tablet as well as a computer or laptop.

The following instructions will be on the opening screen of the survey. Please feel free to print this email so you may refer to them as you complete the survey.

INSTRUCTIONS

As you read each financial literacy question and possible answers (correct answer is bold), identify whether you believe the question should be included or excluded from an instrument used to determine a basic financial literacy score. The goal of this round is to reduce the number of questions in the pool. You are reviewing 50% of the pool, therefore, please feel free to be critical in your selection of the questions to include. Only included question you strongly feel should be included; all other questions should be excluded. If you determine the question should be included, please identify the financial literacy content category or categories you feel it addresses. The categories for content areas are:

Financial Literacy Category	Topics Included in Category
Money basics	Compound interest, Time value of money, purchasing power/inflation, spending, short-term savings
Borrowing	APR, finance charges, loan terms, credit scores; type of borrowing (e.g., education, home, vehicles)
Building assets	Long-term-savings accounts/Certificates of deposit, stocks, bonds, mutual funds, annuities
Protecting assets	Investment product risk (stocks vs. bonds vs. mutual funds), investment diversity, insurance protection

Continued on the next page

Appendix I continued

Validation Panel Round 2 Email (continued)

Following the financial literacy knowledge questions are seven financial literacy self-assessment questions. Please read each question and evaluate if:

1. it has appropriate for language (whether the question is simple, clear and easy to understand),
2. the wording is adequate (whether the question contains wording that is relevant and free from bias, in other words, it portrays a neutral viewpoint). Evaluation is on the following scale:

	Very Unclear	Unclear	Neutral	Clear	Very Clear
Language	1	2	3	4	5
	Poor	Needs Improvement	Neutral	Good	Excellent
Wording	1	2	3	4	5

Please feel free to comment on any of the question included in this round.

Best regards,

Pearl Dahmen Para
University of South Florida, PhD Candidate

Appendix J

Verification Panel Communication

From: Pearl Para <pjdahmen@mail.usf.edu>
Date: Tue, Sep 15, 2015 at 7:23 PM
Subject: Financial Literacy Expert Panel - Verification Round
To: <[panelmember.address](#)>

Greetings,

My dissertation research has reached the final round of expert panel review. Thank you for agreeing to serve as a member of the expert panel. Hopefully, the timing of this panel will work with your schedule. If not, please let me know.

Your input will determine the final assessment instrument. In the verification round of review, you will be evaluating 26 knowledge questions for the basic financial literacy assessment instrument and five self-assessed financial literacy questions through an online survey. The final instrument will be administered to U.S. adults age 18 and over using an online survey.

The estimated time to complete the review is approximately 30 minute. Please complete your review as soon as possible. The survey allows for you to stop and come back, so please feel free to break when necessary. You will be able to save the survey and return where you left off. If you have any questions or need assistance, please feel free to contact me at pjdahmen@mail.usf.com or [941-962-1211](tel:941-962-1211).

To start the survey, please click on this link, or copy and paste it to your browser: http://usf.qualtrics.com/SE/?SID=SV_4Hslwdg234VbnPD

Please note that this survey is mobile friendly and can be access with a smartphone or tablet as well as a computer or laptop.

INSTRUCTIONS

The following instructions will be on the opening screen of the survey. Please feel free to print this email so you may refer to them as you complete the survey.

Please read each knowledge questions and possible answers (correct answer is bold). Then, respond to the following statements:

- This question should be included in a basic financial literacy assessment instrument. (Agree or disagree)
- The language used in this question is . . . (from very unclear to very clear, evaluate whether the question is simple, clear and easy to understand),
- The wording of this question is . . . (poor to excellent, evaluate whether the question contains wording that is relevant and free from bias, in other words, it portrays a neutral viewpoint)
- The difficulty rating of this question is . . . (Difficulty definitions are below)
- The financial literacy content category (categories) is (are) appropriate. (Definitions of categories are below.)

Continued on the next page

Appendix J continued

Verification Panel Communication (continued)

Please evaluate each question on the following scale:

	1	2	3	4	5
Include question	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Language	Very Unclear	Unclear	Neutral	Clear	Very Clear
Wording	Poor	Needs Improvement	Neutral	Good	Excellent
Difficulty Rating	Too Easy	Easy	Average	Difficult	Too Difficult
Content Category	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

Difficulty ratings are as follows:

Rating	Description
Very Easy	Common Knowledge, most adults would know this.
Easy	Adult would have acquired this financial literacy knowledge in the course normal K-12 education.
Neutral	Average, requires some understanding of financial literacy and learning beyond K-12.
Difficult	Requires a level of education specifically directed at financial literacy concepts.
Very Difficult	Advance financial literacy concepts learned through focused financial courses (i.e. financing or investing courses).

The categories for content areas are:

Financial Literacy Category	Topics Included in Category
Money basics	Compound interest, Time value of money, purchasing power/inflation, spending, short-term savings
Borrowing	APR, finance charges, loan terms, credit scores; type of borrowing (e.g., education, home, vehicles)
Building assets	Long-term-savings accounts/Certificates of deposit, stocks, bonds, mutual funds, annuities

Continued on the next page

Appendix J continued

Verification Panel Communication (continued)

Protecting assets Investment product risk (stocks vs. bonds vs. mutual funds), investment diversity, insurance protection

Please feel free to comment in the areas provided. When rating 1 or 2, providing reasons and/or suggestion for possible improvement are welcomed.

Following the knowledge financial literacy assessment questions, there are five questions for self-assessing financial literacy. Please read each knowledge questions and possible answers. Then, respond to the following statements:

- This question should be included in a basic financial literacy assessment instrument. (Agree or disagree)
- The language used in this question is . . . (from very unclear to very clear, evaluate whether the question is simple, clear and easy to understand),
- The wording of this question is . . . (poor to excellent, evaluate whether the question contains wording that is relevant and free from bias, in other words, it portrays a neutral viewpoint)

Please evaluate each question on the following scale:

	1	2	3	4	5
Include question	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Language	Very Unclear	Unclear	Neutral	Clear	Very Clear
Wording	Poor	Needs Improvement	Neutral	Good	Excellent

Please feel free to comment on any of the question as you move through this round.

Best regards,

Pearl Dahmen Para
University of South Florida, PhD Candidate

Appendix K

Validation Panel Round 1 Online Survey

Validation Panel Round 1, Group 1 Online Survey

Dear Expert Panel member,

Thank you for participating in this valuable financial literacy research. The results of this survey will contribute to the development of the basic financial literacy assessment instrument that will be used to assess the participants of this research. Because of your background and expertise, your participation and input is invaluable.

In Round 1 of the Validation Panel review, you will be evaluating 32 questions in the pool for the basic financial literacy assessment instrument and eight self-assessed financial literacy questions. The goal of this round is to substantially reduce the number of questions in the pool. You are only reviewing 50% of the pool, therefore, please feel free to critical and note questions for exclusion. The final instrument will be administered to U.S. adults age 18 and over using an online survey.

In this round, you are asked to read each question and possible answers (correct answer is bold) to evaluate if

1. it has appropriate for language (whether the question is simple, clear and easy to understand),
2. the wording is adequate (whether the question contains wording that is relevant and free from bias, in other words, it portrays a neutral viewpoint), and
3. rate the question difficulty based on the descriptions below.

Please evaluate each question on the following scale:

	Very Unclear	Unclear	Neutral	Clear	Very Clear
Language	1	2	3	4	5
	Poor	Needs Improvement	Neutral	Good	Excellent
Wording	1	2	3	4	5
	Too Easy	Easy	Average	Difficult	Too Difficult
Question Difficulty	1	2	3	4	5

Difficulty ratings should be based on the following descriptions:

Rating	Description
Very Easy	Common Knowledge, most adults would know this.
Easy	Adult would have acquired this financial literacy knowledge in the course normal K-12 education.
Neutral	Average, requires some understanding of financial literacy and learning <u>over and above</u> normal K-12 concepts.
Difficult	Requires a level of education specifically directed at financial literacy concepts learned through formal or informal study.
Very Difficult	Advance financial literacy concepts learned through formal financial courses in higher learning programs (i.e. financing or investing courses).

Please feel free to comment on any of the questions as you move through this round. Also, note any question that you feel should be excluded or require changes in wording to assess more affectively.

Following the basic financial literacy assessment questions, are eight questions for self-assessing financial literacy. Please read each question and determine whether you believe the question should be included or excluded from a self-assessment financial

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 1 Online Survey (continued)

literacy instrument. If you feel it should be excluded, please comment.

Financial Literacy Questions

Financial Literacy Assessment Questions:

Suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years how much do you think you would have in the account if you left the money to grow?

- a. **More than \$102**
- b. Exactly \$102
- c. Less than \$102
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, would you be able to buy:

- a. More than today
- b. Exactly the same
- c. **Less than today**
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 1 Online Survey (continued)

Comments:

High inflation means that the cost of living is increasing rapidly.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

It is usually possible to reduce the risk of investing in the stock market by buying a wide range of stocks and shares.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 1 Online Survey (continued)

The figure that best reflects a mutual fund's performance over a period of years is

- a. its current yield.
- b. the total of dividends and capital gains it has paid.
- c. its total return.**
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

If your assets increase by \$5,000 and your liabilities decrease by \$3,000, your net worth would

- a. Increase by \$2,000
- b. Increase by \$8,000**
- c. Increase by \$3,000
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 1 Online Survey (continued)

To ensure that some of your retirement savings will not be subject to income tax upon withdrawal, you would contribute to:

- a. A Traditional IRS or Individual Retirement Account
- b. A Roth IRA**
- c. A 401(k) plan
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

To reduce the total finance costs paid over the life of an auto loan, you should choose a loan with the

- a. Lowest monthly payment
- b. Longest repayment term
- c. Shortest repayment**
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	3	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 1 Online Survey (continued)

If you always pay the full balance on your credit card, which of the following is least important?

- a. **Annual interest rate**
- b. Annual fee
- c. Line of credit
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

Which type of mortgage would allow a first-time homebuyer to qualify for the highest loan amount?

- a. Fixed-rate mortgage
- b. **Adjustable-rate mortgage**
- c. Reverse mortgage
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 1 Online Survey (continued)

If you signed a twelve-month lease for \$300 month but never occupied the apartment, you legally owe the landlord

- a. your security deposit.
- b. your first month's rent of \$300.
- c. **your twelve month's rent of \$3,600.**
- d. nothing.
- e. whatever the landlord requires.
- f. Don't know
- g. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

The most liquid asset is

- a. money in a certificate of deposit.
- b. **money in a checking account.**
- c. a car.
- d. an investment account.
- e. a house (real estate).
- f. Don't know
- g. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 1 Online Survey (continued)

Comments:

Which of the following investments requires that you keep your money invested for a specified period or face an early withdrawal penalty?

- a. **Certificate of deposit.**
- b. *Checking account that pays interest.*
- c. *Government savings bond.*
- d. *Money market mutual fund.*
- e. *Passbook savings account.*
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

With compound interest, you earn interest on your interest, as well as on your principal.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	3	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 1 Online Survey (continued)

Comments:

Mutual funds pay a guaranteed rate of return.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

Repeatedly refinancing your home mortgage over a short period of time results in added fee and points that further increase your debt.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 1 Online Survey (continued)

Using extra money in a bank savings account to pay off high interest rate credit card debt is a good idea.

- a. True
- b. False
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

Creditors are required to tell you the APR that you will pay when you get a loan.

- a. True
- b. False
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 1 Online Survey (continued)

Your credit rating is not affected by how much you charge on your credit cards.

- a. True
- b. False**
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

Your credit rating is not affected by how much you charge on your credit cards.

- a. True
- b. False**
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 1 Online Survey (continued)

Taxes affect how you should invest your money.

- a. **True**
- b. False
- c. Don't know
- d. Prefer not to answer

ALTERNATIVE WORDING

Taxes do not affect how you should invest your money.

- a. True
- b. **False**
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question and its alternative wording format above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

Which of the following instruments is NOT typically associated with spending?

- a. Debit card.
- b. **Certificate of deposit.**
- c. Cash.
- d. Credit card.
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 1 Online Survey (continued)

Comments:

Many people put aside money to take care of unexpected expenses. If Juan and Elva have money put aside for emergencies, in which of the following forms would it be of LEAST benefit to them if they needed it right away?

- a. **Invested in a down payment on the house**
- b. Checking account
- c. Stocks
- d. Savings account
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

If you had a savings account at a bank, which of the following would be correct concerning the interest that you would earn on this account?

- a. Earnings from savings account interest may not be taxed.
- b. **Income tax may be charged on the interest if your income is high enough**
- c. Sales tax may be charged on the interest that you earn.
- d. You cannot earn interest until you pass your 18th birthday.
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 1 Online Survey (continued)

Comments:

Sara and Joshua just had a baby. They received money as baby gifts and want to put it away for the baby's education. Which of the following tends to have the highest growth over periods of time as long as 18 years?

- a. A checking account.
- b. Stocks.**
- c. A U.S. Government savings bond.
- d. A savings account.
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

Rob and Mary are the same age. At age 25 Mary began saving \$2,000 a year while Rob saved nothing. At age 50, Rob realized that he needed money for retirement and started saving \$4,000 per year while Mary kept saving her \$2,000. Now they are both 75

- a. They would each have the same amount because they put away exactly the same.
- b. Rob, because he saved more each year.
- c. Mary, because she has put away more money.
- d. Mary, because her money has grown for a longer time at compound interest.**
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 1 Online Survey (continued)

Comments:

Under which of the following circumstances would it be financially beneficial to you to borrow money to buy something now and repay it with future income?

- a. **When you need to buy a car to get a much better paying job.**
- b. *When you really need a week vacation.*
- c. *When some clothes you like go on sale.*
- d. *When the interest on the loan is greater than the interest you get on your savings.*
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	No Bias
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

Which of the following statements best describes your right to check your credit history for accuracy?

- a. **Your credit record can be checked once a year for free.**
- b. *You cannot see your credit record.*
- c. *All credit records are the property of the U.S. Government and access is only available to the FBI and Lenders.*
- d. *You can only check your record for free if you are turned down for credit based on a credit report.*
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 1 Online Survey (continued)

Bank A offers monthly compounding and Bank B offers yearly compounding. Both banks offer the same interest rate. In your opinion, which bank would you choose if you wanted a higher return?

- a. **Bank A.**
- b. **Bank B.**
- c. *Both banks offer the same return..*
- d. *Don't know*
- e. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Comments:

You are likely to obtain the lowest interest on loans with _____?

- a. *Credit card companies.*
- b. **Banks/credit unions.**
- c. *Check-cashing firms.*
- d. *Don't know*
- e. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded (identifying reason) from the pool of questions for the final basic financial literacy assessment test?

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Difficulty of Question: Too Easy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Too Difficult

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 1 Online Survey (continued)

Self-assessed Financial Literacy Questions

Financial Literacy Self-Assessment Questions:

Reviewing the following financial literacy self-assessment questions, do you feel each should be included in or excluded (identifying reason) from the self-assessment portion of the final basic financial literacy assessment test?

I am pretty good at math.

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. Strongly Disagree
2. Disagree
3. Slightly Disagree
4. Neither Disagree nor Agree
5. Slightly Agree
6. Agree
7. Strongly Agree

- Include
- Exclude-Not relevant
- Exclude-Other

Comments:

I am good at dealing with day-to-day financial matters, such as checking accounts, credit and debit cards, mortgages, installment payments, and tracking expenses.

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. Strongly Disagree
2. Disagree
3. Slightly Disagree
4. Neither Disagree nor Agree
5. Slightly Agree
6. Agree
7. Strongly Agree

- Include

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 1 Online Survey (continued)

Exclude-Not relevant

Exclude-Other

Comments:

I am good at managing money, budgeting and planning my expenditures.

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. Strongly Disagree
2. Disagree
3. Slightly Disagree
4. Neither Disagree nor Agree
5. Slightly Agree
6. Agree
7. Strongly Agree

Include

Exclude-Not relevant

Exclude-Other

Comments:

I am good at managing credit cards and debt like car loans or a mortgage.

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. Strongly Disagree
2. Disagree
3. Slightly Disagree
4. Neither Disagree nor Agree
5. Slightly Agree
6. Agree
7. Strongly Agree

Include

Exclude-Not relevant

Exclude-Other

Comments:

I understand investment products (stocks, bonds and mutual funds) and retirement accountants (IRAs, 401Ks and

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 1 Online Survey (continued)

annuities).

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. Strongly Disagree
2. Disagree
3. Slightly Disagree
4. Neither Disagree nor Agree
5. Slightly Agree
6. Agree
7. Strongly Agree

- Include
- Exclude-Not relevant
- Exclude-Other

Comments:

I understand insurance products.

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. Strongly Disagree
2. Disagree
3. Slightly Disagree
4. Neither Disagree nor Agree
5. Slightly Agree
6. Agree
7. Strongly Agree

- Include
- Exclude-Not relevant
- Exclude-Other

Comments:

On a scale of 1 to 7, with 1 meaning Very Low and 7 meaning Very High, how would you assess your overall financial knowledge?

1. Very Low
2. Low
3. Slightly Low
4. Average
5. Slightly High
6. High
7. Very High

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 1 Online Survey (continued)

Include

Exclude-Not relevant

Exclude-Other

Comments:

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey

Hello Panel Expert,

Thank you for completing Expert Panel Round 1 and participating in this valuable financial literacy research.

In this second round of review, you will be evaluating 32 financial literacy knowledge questions in the pool for the basic financial literacy instrument and seven financial literacy self-assessment questions. The estimated time to complete the review is 30 to 45 minutes. Please complete your review as soon as possible. Your input will determine the questions included in future rounds of review by other members of the expert panel. For your convenience, survey allows you to stop at any point. It will automatically save and later return to the place you stopped. If you have any questions or need assistance, please feel free to contact me at pjdahmen@mail.usf.com or 941-962-1211.

INSTRUCTIONS

As you read each financial literacy question and possible answers (correct answer is bold), identify whether you believe the question should be included or excluded from an instrument used to determine a basic financial literacy score. The goal of this round is to reduce the number of questions in the pool. You are reviewing 50% of the pool, therefore, please feel free to be critical in your selection of the questions to include. Only included question you strongly feel should be included; all other questions should be excluded.

If you determine the question should be included, please identify the financial literacy content category or categories you feel it addresses. The categories for content areas are:

Financial Literacy Category	Topics Included in Category
Money basics	Compound interest, Time value of money, purchasing power/inflation, spending, short-term savings
Borrowing	APR, finance charges, loan terms, credit scores; type of borrowing (e.g., education, home, vehicles)
Building assets	Long-term-savings accounts/Certificates of deposit, stocks, bonds, mutual funds, annuities
Protecting assets	Investment product risk (stocks vs. bonds vs. mutual funds), investment diversity, insurance protection

Following the financial literacy knowledge questions are seven financial literacy self-assessment questions. Please read each question and evaluate if:

1. it has appropriate for language (whether the question is simple, clear and easy to understand),
2. the wording is adequate (whether the question contains wording that is relevant and free from bias, in other words, it portrays a neutral viewpoint). Evaluation is on the following scale:

	Very Unclear	Unclear	Neutral	Clear	Very Clear
Language	1	2	3	4	5
	Poor	Needs Improvement	Neutral	Good	Excellent
Wording	1	2	3	4	5

Please feel free to comment on any of the question included in this round.

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

Suppose that in the year 2015, your income has doubled and prices of all goods have doubled too. In 2015, how much will you be able to buy with your income?

- a. More than today
- b. **The same**
- c. Less than today
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

If you were to invest \$1,000 in a stock mutual fund, it would be possible to have less than \$1,000 when you withdraw your money.

- a. **True**
- b. False
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

High inflation means that the cost of living is increasing rapidly.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

It is usually possible to reduce the risk of investing in the stock market by buying a wide range of stocks and shares.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

The figure that best reflects a mutual fund's performance over a period of years is

- a. its current yield.
- b. the total of dividends and capital gains it has paid.
- c. **its total return.**
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

If your assets increase by \$5,000 and your liabilities decrease by \$3,000, your net worth would

- a. Increase by \$2,000
- b. **Increase by \$8,000**
- c. Increase by \$3,000
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

To ensure that some of your retirement savings will not be subject to income tax upon withdrawal, you would contribute to:

- a. A Traditional IRS or Individual Retirement Account
- b. **A Roth IRA**
- c. A 401(k) plan
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

To reduce the total finance costs paid over the life of an auto loan, you should choose a loan with the

- a. Lowest monthly payment
- b. Longest repayment term
- c. **Shortest repayment**
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

If you always pay the full balance on your credit card, which of the following is least important?

- a. **Annual interest rate**
- b. Annual fee
- c. Line of credit
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Which type of mortgage would allow a first-time homebuyer to qualify for the highest loan amount?

- a. Fixed-rate mortgage
- b. **Adjustable-rate mortgage**
- c. Reverse mortgage
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

If you signed a twelve-month lease for \$300 month but never occupied the apartment, you legally owe the landlord

- a. *your security deposit.*
- b. *your first month's rent of \$300.*
- c. ***your twelve month's rent of \$3,600.***
- d. *nothing.*
- e. *whatever the landlord requires.*
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

The most liquid asset is

- a. *money in a certificate of deposit.*
- b. ***money in a checking account.***
- c. *a car.*
- d. *an investment account.*
- e. *a house (real estate).*
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments:

Which of the following investments requires that you keep your money invested for a specified period or face an early withdrawal penalty?

- a. **Certificate of deposit.**
- b. *Checking account that pays interest.*
- c. *Government savings bond.*
- d. *Money market mutual fund.*
- e. *Passbook savings account.*
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

With compound interest, you earn interest on your interest, as well as on your principal.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

addresses.

	include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Mutual funds pay a guaranteed rate of return.

- a. *True*
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Repeatedly refinancing your home mortgage over a short period of time results in added fee and points that further increase your debt.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

Include	Category or Categories this question
<input type="radio"/>	<input type="checkbox"/>

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

	question?		addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments:

Using extra money in a bank savings account to pay off high interest rate credit card debt is a good idea.

- a. True
- b. False
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Creditors are required to tell you the APR that you will pay when you get a loan.

- a. True
- b. False
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
	This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Your credit rating is not affected by how much you charge on your credit cards.

- a. True
- b. False**
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Your credit rating is not affected by how much you charge on your credit cards.

- a. True
- b. False**
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses		
	Yes	No	Money	Building	Protecting

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

	Yes	No	Basics	Borrowing	Assets	Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Taxes affect how you should invest your money.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

Taxes do not affect how you should invest your money.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Which of the following instruments is NOT typically associated with spending?

- a. *Debit card.*
- b. **Certificate of deposit.**
- c. *Cash.*
- d. *Credit card.*
- e. *Don't know*
- f. *Prefer not to answer*

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Taxes affect how you should invest your money.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

Taxes do not affect how you should invest your money.

- a. *True*
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Which of the following instruments is NOT typically associated with spending?

- a. *Debit card.*
- b. **Certificate of deposit.**
- c. *Cash.*
- d. *Credit card.*
- e. *Don't know*
- f. *Prefer not to answer*

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Many people put aside money to take care of unexpected expenses. If Juan and Elva have money put aside for emergencies, in which of the following forms would it be of LEAST benefit to them if they needed it right away?

- a. **Invested in a down payment on the house**
- b. *Checking account*
- c. *Stocks*
- d. *Savings account*
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

If you had a savings account at a bank, which of the following would be correct concerning the interest that you would earn on this account?

- a. *Earnings from savings account interest may not be taxed.*

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

- b. *Income tax may be charged on the interest if your income is high enough*
- c. *Sales tax may be charged on the interest that you earn.*
- d. *You cannot earn interest until you pass your 18th birthday.*
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Sara and Joshua just had a baby. They received money as baby gifts and want to put it away for the baby's education. Which of the following tends to have the highest growth over periods of time as long as 18 years?

- a. *A checking account.*
- b. **Stocks.**
- c. *A U.S. Government savings bond.*
- d. *A savings account.*
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Rob and Mary are the same age. At age 25 Mary began saving \$2,000 a year while Rob saved nothing. At age 50, Rob

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

- b. Income tax may be charged on the interest if your income is high enough**
 c. Sales tax may be charged on the interest that you earn.
 d. You cannot earn interest until you pass your 18th birthday.
 e. Don't know
 f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Sara and Joshua just had a baby. They received money as baby gifts and want to put it away for the baby's education. Which of the following tends to have the highest growth over periods of time as long as 18 years?

- a. A checking account.
b. Stocks.
 c. A U.S. Government savings bond.
 d. A savings account.
 e. Don't know
 f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Rob and Mary are the same age. At age 25 Mary began saving \$2,000 a year while Rob saved nothing. At age 50, Rob

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

realized that he needed money for retirement and started saving \$4,000 per year while Mary kept saving her \$2,000. Now they are both 75

- They would each have the same amount because they put away exactly the same.
- Rob, because he saved more each year.
- Mary, because she has put away more money.
- Mary, because her money has grown for a longer time at compound interest.**
- Don't know
- Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Under which of the following circumstances would it be financially beneficial to you to borrow money to buy something now and repay it with future income?

- When you need to buy a car to get a much better paying job.**
- When you really need a week vacation.
- When some clothes you like go on sale.
- When the interest on the loan is greater than the interest you get on your savings.
- Don't know
- Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

Which of the following statements best describes your right to check your credit history for accuracy?

- Your credit record can be checked once a year for free.**
- You cannot see your credit record.
- All credit records are the property of the U.S. Government and access is only available to the FBI and Lenders.
- You can only check your record for free if you are turned down for credit based on a credit report.
- Don't know
- Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

If you are behind on your debt payments and go to a responsible credit counseling service such as the Consumer Credit Counseling Services, what help can they give you?

- They can cancel and cut up all of your credit cards without your permission.
- They can get the federal government to apply your income taxes to pay off your debts.
- They can work with those who loaned you money to set up a payment schedule that you can meet.**
- They can force those who loaned you money to forgive all your debts.
- Don't know
- Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

Barbara has just applied for a credit card. She is an 18-year-old high school graduate with few valuable possessions and no credit history. If Barbara is granted a credit card, which of the following is the most likely way that the credit card company will reduce ITS risk?

- a. It will make Barbara's parents pledge their home to repay Karen's credit card debt.
- b. It will require Barbara to have both parents co-sign for the card.
- c. It will charge Barbara twice the finance charge rate it charges older cardholders.
- d. It will start Barbara out with a small line of credit to see how she handles the account.**
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Bank A offers monthly compounding and Bank B offers yearly compounding. Both banks offer the same interest rate. In your opinion, which bank would you choose if you wanted a higher return?

- a. Bank A.**
- b. Bank B.
- c. Both banks offer the same return..
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in						

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

the basic financial literacy assessment test.

|

Comments:

You are likely to obtain the lowest interest on loans with _____?

- a. Credit card companies.
- b. Banks/credit unions.**
- c. Check-cashing firms.
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Self-assessed Financial Literacy Questions

Financial Literacy Self-Assessment Questions:

Reviewing the following financial literacy self-assessment questions, do you feel each should be included in or excluded (identifying reason) from the self-assessment portion of the final basic financial literacy assessment test?

I am pretty good at math.

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

1. *Strongly Disagree*
2. *Disagree*
3. *Slightly Disagree*
4. *Neither Disagree nor Agree*
5. *Slightly Agree*
6. *Agree*
7. *Strongly Agree*

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent

Comments:

I am good at dealing with day-to-day financial matters, such as checking accounts, credit and debit cards, mortgages, installment payments, and tracking expenses.

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. *Strongly Disagree*
2. *Disagree*
3. *Slightly Disagree*
4. *Neither Disagree nor Agree*
5. *Slightly Agree*
6. *Agree*
7. *Strongly Agree*

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent

Comments:

Continued on the next page

Appendix K continued

Validation Panel Round 1, Group 2 Online Survey (continued)

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. Strongly Disagree
2. Disagree
3. Slightly Disagree
4. Neither Disagree nor Agree
5. Slightly Agree
6. Agree
7. Strongly Agree

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent

Comments:

I am good at managing credit cards and debt like car loans or a mortgage.

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. Strongly Disagree
2. Disagree
3. Slightly Disagree
4. Neither Disagree nor Agree
5. Slightly Agree
6. Agree
7. Strongly Agree

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent

Comments:

Appendix L

Self-assessment Financial Literacy Questions

How strongly do you agree or disagree with the following statements? Use the scale below to note your agreement.

- 1 Strongly Disagree
- 2 Disagree
- 3 Slightly Disagree
- 4 Neither Agree nor Disagree
- 5 Slightly Agree
- 6 Agree
- 7 Strongly Agree

1. *I am pretty good at math.*¹
2. *I am good at dealing with day-to-day financial matters, such as checking accounts, credit and debit cards, mortgages, installment payments, and tracking expenses.*^{1 2}
3. *I am good at managing money, budgeting and planning my expenditures.*³
4. *I am good at managing credit cards and debt like car loans or a mortgage.*³
5. *I understand investment products (stocks, bonds and mutual funds) and retirement accounts (IRAs, 401Ks and annuities).*³
6. *I understand the stock market reasonably well.*²
7. *I understand insurance products.*³

On a scale from 1 to 7, where 1 means very low and 7 means very high,

8. *How would you assess your overall financial knowledge?*¹

Notes.

¹ Lusardi and Mitchell (2011a, 2011b, 2013, 2014) subjective financial literacy questions used in NFCS, HRS, ALP, DHS, and OECD.

² Hsu (2011) subjective question used in CogEcon (Cognitive Economics Survey).

³ Finke and Huston (2014) subjective questions used in FLAT assessment.

Appendix M

Validation Panel Round 2 Online Surveys

Validation Panel Round 2, Group 1 Online Survey

Hello Panel Expert,

Thank you for completing Expert Panel Round 1 and participating in this valuable financial literacy research.

In this second round of review, you will be evaluating 32 financial literacy knowledge questions in the pool for the basic financial literacy instrument and seven financial literacy self-assessment questions. The estimated time to complete the review is 30 to 45 minutes. Please complete your review as soon as possible. Your input will determine the questions included in future rounds of review by other members of the expert panel. For your convenience, survey allows you to stop at any point. It will automatically save and later return to the place you stopped. If you have any questions or need assistance, please feel free to contact me at pjdahmen@mail.usf.com or [941-962-1211](tel:941-962-1211).

INSTRUCTIONS

As you read each financial literacy question and possible answers (correct answer is bold), identify whether you believe the question should be included or excluded from an instrument used to determine a basic financial literacy score. The goal of this round is to reduce the number of questions in the pool. You are reviewing 50% of the pool, therefore, please feel free to be critical in your selection of the questions to include. Only included question you strongly feel should be included; all other questions should be excluded.

If you determine the question should be included, please identify the financial literacy content category or categories you feel it addresses. The categories for content areas are:

Financial Literacy Category	Topics Included in Category
Money basics	Compound interest, Time value of money, purchasing power/inflation, spending, short-term savings
Borrowing	APR, finance charges, loan terms, credit scores; type of borrowing (e.g., education, home, vehicles)
Building assets	Long-term-savings accounts/Certificates of deposit, stocks, bonds, mutual funds, annuities
Protecting assets	Investment product risk (stocks vs. bonds vs. mutual funds), investment diversity, insurance protection

Following the financial literacy knowledge questions are seven financial literacy self-assessment questions. Please read each question and evaluate if:

1. it has appropriate for language (whether the question is simple, clear and easy to understand),
2. the wording is adequate (whether the question contains wording that is relevant and free from bias, in other words, it portrays a neutral viewpoint). Evaluation is on the following scale:

	Very Unclear	Unclear	Neutral	Clear	Very Clear
Language	1	2	3	4	5
	Poor	Needs Improvement	Neutral	Good	Excellent
Wording	1	2	3	4	5

Please feel free to comment on any of the question included in this round.

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

Financial Literacy Assessment Questions:

Suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years how much do you think you would have in the account if you left the money to grow?

- a. **More than \$102**
- b. Exactly \$102
- c. Less than \$102
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, would you be able to buy:

- a. More than today
- b. Exactly the same
- c. **Less than today**
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments:

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

An annuity is a financial product that pays a lump sum when you die.

- a. *True*
- b. *False***
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Housing prices in the US can never go down.

- a. *True*
- b. *False***
- c. *Don't know*
- d. *Prefer not to say*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

When an investor spreads his money among different assets, the risk of losing money:

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

- a. *Increases*
- b. *Decreases***
- c. *Stays the same*
- d. *Don't know*
- e. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less.

- a. *True***
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Suppose you owe \$1,000 on your credit card and the interest rate you are charged is 20% per year compounded annually. If you didn't pay anything off, at this interest rate, how many years would it take for the amount you owe to double?

- a. *2 years*
- b. *Less than 5 years***
- c. *5 to 10 years*

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

- d. More than 20 years
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments:

Which bank account is likely to pay the highest interest rate on money saved?

- a. Savings account
- b. Six month CD or certificate
- c. **Three year CD**
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Net worth is equal to

- a. Total assets
- b. Total assets plus liabilities
- c. **Total assets minus liabilities**
- d. Don't know

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

e. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

The main advantage of a 401(k) plan is that it:

- a. *Provides a high rate of return with little risk*
- b. **Allows you to shelter retirement savings from taxation**
- c. *Provides a well diversified mix of investment assets*
- d. *Don't know*
- e. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Over the long term, stocks have the highest rate of return on money invested.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

An overdraft

- a. occurs when you write a \$1,000 dollar check when you have \$500 in your account.
- b. is a stop-payment order written by the payee.
- c. will result in fines.
- d. all of the above.
- e. **both A and C.**
- f. Don't know
- g. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Your net worth is

- a. the difference between your expenditures and income.
- b. **the difference between your liabilities and assets.**
- c. the difference between your cash inflow and outflow.
- d. the difference between your bank borrowing and savings.

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

- e. none of the above.
- f. Don't know
- g. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Which of the following statements is TRUE about the annual percentage rate (APR)?

- a. APR is the actual rate of interest paid over the life of the loan.
- b. APR is expressed as a percentage on an annual basis.**
- c. APR is a good measure of comparing loan costs.
- d. APR takes into account all loan fees.
- e. All of the above.
- f. Don't know
- g. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

You can receive your credit report from

- a. a credit union.
- b. a commercial bank.
- c. the Better Business Bureau.
- d. **a credit bureau.**
- e. a professor.
- f. Don't know
- g. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

if you co-sign a loan for a friend, then

- a. you become responsible: for the loan payments if your friend defaults.
- b. it means that your friend cannot receive the loan by himself.
- c. you are entitled to receive part of the loan.
- d. **both A and B.**
- e. Both A and C.
- f. Don't know
- g. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

The earlier you start saving for retirement, the more money you will have because the effects of compounding interest increase over time.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

You should have an emergency fund that covers two to six months of your expenses.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

If you have a savings account at a bank, you may have to pay taxes on the interest you earn.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

If the interest rate on an adjustable-rate mortgage loan goes up, your monthly mortgage payments will also go up.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

The finance charge on your credit card statement is what you pay to use credit.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Your credit report includes employment data, your payments history, any inquiries made by creditors, and any public record information.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

If you expect to carry a balance on your credit card, the APR is the most important thing to look at when comparing credit card offers.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Making payments late on your bills can make it more difficult to take out a loan.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments:

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

If you buy certificates of deposit, savings bonds, or Treasury bills, you can earn higher returns than on a savings account, with little or no added risk.

- a. True
- b. False
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Which of the following types of investment would best protect the purchasing power of a family's savings in the event of a sudden increase in inflation?

- a. A 10-year bond issued by a corporation.
- b. A certificate of deposit at a bank.
- c. A twenty-five year corporate bond.
- d. A house financed with a fixed-rate mortgage.**
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

Comments:

Which of the following statements is **NOT** correct about most ATM (Automated Teller Machine) cards?

- a. You can generally get cash 24 hours-a-day.
- b. You can generally obtain information concerning your bank balance at an ATM machine.
- c. **You can get cash anywhere in the world with no fee.**
- d. You must have a bank account to have an ATM card.
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Rebecca has saved \$12,000 for her college expenses by working part-time. Her plan is to start college next year and she needs all of the money she saved. Which of the following is the safest place for her college money?

- a. Locked in her closet at home.
- b. Stocks.
- c. Corporate bonds.
- d. **A bank savings account.**
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

Comments:

Scott and Eric are young men. Each has a good credit history. They work at the same company and make approximately the same salary. Scott has borrowed \$6,000 to take a foreign vacation. Eric has borrowed \$6,000 to buy a car. Who is likely to pay the lowest finance charge?

- a. **Eric will pay less because the car is collateral for the loan.**
- b. *They will both pay the same because the rate is set by law.*
- c. *Scott will pay less because people who travel overseas are better risks.*
- d. *They will both pay the same because they have almost identical financial backgrounds.*
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Which of the following statements is true?

- a. **Banks and other lenders share the credit history of their borrowers with each other and are likely to know of any loan payments that you have missed.**
- b. *People have so many loans it is very unlikely that one bank will know your history with another bank.*
- c. *Your bad loan payment record with one bank will not be considered if you apply to another bank for a loan.*
- d. *If you missed a payment more than 2 years ago, it cannot be considered in a loan decision.*
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

Comments:

Which of the following credit card users is likely to pay the **GREATEST** dollar amount in finance charges per year, if they all charge the same amount per year on their cards?

- a. Jessica, who pays at least the minimum amount each month and more, when she has the money.
- b. Vera, who generally pays off her credit card in full but, occasionally, will pay the minimum when she is short of cash.
- c. Megan, who always pays off her credit card bill in full shortly after she receives it.
- d. Erin, who only pays the minimum amount each month.**
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Do you think buying stock in a single company is safer than buying stock in several different companies?

- a. Yes.
- b. No.**
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

Comments:

Self-assessed Financial Literacy Questions

Financial Literacy Self-Assessment Questions:

Reviewing the following financial literacy self-assessment questions, do you feel each should be included in or excluded (identifying reason) from the self-assessment portion of the final basic financial literacy assessment test?

I am pretty good at math.

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. Strongly Disagree
2. Disagree
3. Slightly Disagree
4. Neither Disagree nor Agree
5. Slightly Agree
6. Agree
7. Strongly Agree

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent

Comments:

I am good at dealing with day-to-day financial matters, such as checking accounts, credit and debit cards, mortgages, installment payments, and tracking expenses.

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. Strongly Disagree
2. Disagree

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

3. *Slightly Disagree*
4. *Neither Disagree nor Agree*
5. *Slightly Agree*
6. *Agree*
7. *Strongly Agree*

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent

Comments:

I am good at managing money, budgeting and planning my expenditures.

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. *Strongly Disagree*
2. *Disagree*
3. *Slightly Disagree*
4. *Neither Disagree nor Agree*
5. *Slightly Agree*
6. *Agree*
7. *Strongly Agree*

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent

Comments:

I am good at managing credit cards and debt like car loans or a mortgage.

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

1. *Strongly Disagree*
2. *Disagree*
3. *Slightly Disagree*
4. *Neither Disagree nor Agree*
5. *Slightly Agree*
6. *Agree*
7. *Strongly Agree*

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent

Comments:

I understand investment products (stocks, bonds and mutual funds) and retirement accountants (IRAs, 401Ks and annuities).

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. *Strongly Disagree*
2. *Disagree*
3. *Slightly Disagree*
4. *Neither Disagree nor Agree*
5. *Slightly Agree*
6. *Agree*
7. *Strongly Agree*

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent

Comments:

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 1 Online Survey (continued)

I understand insurance products.

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. Strongly Disagree
2. Disagree
3. Slightly Disagree
4. Neither Disagree nor Agree
5. Slightly Agree
6. Agree
7. Strongly Agree

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent

Comments:

On a scale of 1 to 7, with 1 meaning Very Low and 7 meaning Very High, how would you assess your overall financial knowledge?

1. Very Low
2. Low
3. Slightly Low
4. Average
5. Slightly High
6. High
7. Very High

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent

Comments:

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey

Hello Panel Expert,

Thank you for completing Expert Panel Round 1 and participating in this valuable financial literacy research.

In this second round of review, you will be evaluating 32 financial literacy knowledge questions in the pool for the basic financial literacy instrument and seven financial literacy self-assessment questions. The estimated time to complete the review is 30 to 45 minutes. Please complete your review as soon as possible. Your input will determine the questions included in future rounds of review by other members of the expert panel. For your convenience, survey allows you to stop at any point. It will automatically save and later return to the place you stopped. If you have any questions or need assistance, please feel free to contact me at pjdahmen@mail.usf.com or 941-962-1211.

INSTRUCTIONS

As you read each financial literacy question and possible answers (correct answer is bold), identify whether you believe the question should be included or excluded from an instrument used to determine a basic financial literacy score. The goal of this round is to reduce the number of questions in the pool. You are reviewing 50% of the pool, therefore, please feel free to be critical in your selection of the questions to include. Only included question you strongly feel should be included; all other questions should be excluded.

If you determine the question should be included, please identify the financial literacy content category or categories you feel it addresses. The categories for content areas are:

Financial Literacy Category	Topics Included in Category
Money basics	Compound interest, Time value of money, purchasing power/inflation, spending, short-term savings
Borrowing	APR, finance charges, loan terms, credit scores; type of borrowing (e.g., education, home, vehicles)
Building assets	Long-term-savings accounts/Certificates of deposit, stocks, bonds, mutual funds, annuities
Protecting assets	Investment product risk (stocks vs. bonds vs. mutual funds), investment diversity, insurance protection

Following the financial literacy knowledge questions are seven financial literacy self-assessment questions. Please read each question and evaluate if:

1. it has appropriate for language (whether the question is simple, clear and easy to understand),
2. the wording is adequate (whether the question contains wording that is relevant and free from bias, in other words, it portrays a neutral viewpoint). Evaluation is on the following scale:

	Very Unclear	Unclear	Neutral	Clear	Very Clear
Language	1	2	3	4	5
	Poor	Needs Improvement	Neutral	Good	Excellent
Wording	1	2	3	4	5

Please feel free to comment on any of the question included in this round.

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

Suppose that in the year 2015, your income has doubled and prices of all goods have doubled too. In 2015, how much will you be able to buy with your income?

- a. More than today
- b. The same**
- c. Less than today
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

If you were to invest \$1,000 in a stock mutual fund, it would be possible to have less than \$1,000 when you withdraw your money.

- a. True**
- b. False
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

High inflation means that the cost of living is increasing rapidly.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

It is usually possible to reduce the risk of investing in the stock market by buying a wide range of stocks and shares.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

The figure that best reflects a mutual fund's performance over a period of years is

- a. its current yield.
- b. the total of dividends and capital gains it has paid.
- c. its total return.**
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

If your assets increase by \$5,000 and your liabilities decrease by \$3,000, your net worth would

- a. Increase by \$2,000
- b. Increase by \$8,000**
- c. Increase by \$3,000
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

To ensure that some of your retirement savings will not be subject to income tax upon withdrawal, you would contribute to:

- a. A Traditional IRS or Individual Retirement Account
- b. A Roth IRA**
- c. A 401(k) plan
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

To reduce the total finance costs paid over the life of an auto loan, you should choose a loan with the

- a. Lowest monthly payment
- b. Longest repayment term
- c. Shortest repayment**
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

If you always pay the full balance on your credit card, which of the following is least important?

- a. **Annual interest rate**
- b. Annual fee
- c. Line of credit
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Which type of mortgage would allow a first-time homebuyer to qualify for the highest loan amount?

- a. Fixed-rate mortgage
- b. **Adjustable-rate mortgage**
- c. Reverse mortgage
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

If you signed a twelve-month lease for \$300 month but never occupied the apartment, you legally owe the landlord

- a. *your security deposit.*
- b. *your first month's rent of \$300.*
- c. ***your twelve month's rent of \$3,600.***
- d. *nothing.*
- e. *whatever the landlord requires.*
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

The most liquid asset is

- a. *money in a certificate of deposit.*
- b. ***money in a checking account.***
- c. *a car.*
- d. *an investment account.*
- e. *a house (real estate).*
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments:

Which of the following investments requires that you keep your money invested for a specified period or face an early withdrawal penalty?

- a. **Certificate of deposit.**
- b. *Checking account that pays interest.*
- c. *Government savings bond.*
- d. *Money market mutual fund.*
- e. *Passbook savings account.*
- f. *Don't know*
- g. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

With compound interest, you earn interest on your interest, as well as on your principal.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

addresses.

	include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Mutual funds pay a guaranteed rate of return.

- a. *True*
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Repeatedly refinancing your home mortgage over a short period of time results in added fee and points that further increase your debt.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

Include	Category or Categories this question
<input type="radio"/>	<input type="checkbox"/>

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

	question?		addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comments:

Using extra money in a bank savings account to pay off high interest rate credit card debt is a good idea.

- a. True
- b. False
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Creditors are required to tell you the APR that you will pay when you get a loan.

- a. True
- b. False
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Your credit rating is not affected by how much you charge on your credit cards.

- a. True
- b. False**
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Your credit rating is not affected by how much you charge on your credit cards.

- a. True
- b. False**
- c. Don't know
- d. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses		
	Yes	No	Money	Building	Protecting
	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

	Yes	No	Basics	Borrowing	Assets	Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Taxes affect how you should invest your money.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

Taxes do not affect how you should invest your money.

- a. *True*
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Which of the following instruments is NOT typically associated with spending?

- a. *Debit card.*
- b. **Certificate of deposit.**
- c. *Cash.*
- d. *Credit card.*
- e. *Don't know*
- f. *Prefer not to answer*

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

	Yes	No	Basics	Borrowing	Assets	Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Taxes affect how you should invest your money.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

ALTERNATIVE WORDING

Taxes do not affect how you should invest your money.

- a. *True*
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Which of the following instruments is NOT typically associated with spending?

- a. *Debit card.*
- b. **Certificate of deposit.**
- c. *Cash.*
- d. *Credit card.*
- e. *Don't know*
- f. *Prefer not to answer*

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Many people put aside money to take care of unexpected expenses. If Juan and Elva have money put aside for emergencies, in which of the following forms would it be of LEAST benefit to them if they needed it right away?

- a. **Invested in a down payment on the house**
- b. Checking account
- c. Stocks
- d. Savings account
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

If you had a savings account at a bank, which of the following would be correct concerning the interest that you would earn on this account?

- a. Earnings from savings account interest may not be taxed.

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

- b. *Income tax may be charged on the interest if your income is high enough*
- c. *Sales tax may be charged on the interest that you earn.*
- d. *You cannot earn interest until you pass your 18th birthday.*
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Sara and Joshua just had a baby. They received money as baby gifts and want to put it away for the baby's education. Which of the following tends to have the highest growth over periods of time as long as 18 years?

- a. *A checking account.*
- b. **Stocks.**
- c. *A U.S. Government savings bond.*
- d. *A savings account.*
- e. *Don't know*
- f. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Rob and Mary are the same age. At age 25 Mary began saving \$2,000 a year while Rob saved nothing. At age 50, Rob

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

b. Income tax may be charged on the interest if your income is high enough

- c. Sales tax may be charged on the interest that you earn.
 d. You cannot earn interest until you pass your 18th birthday.
 e. Don't know
 f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Sara and Joshua just had a baby. They received money as baby gifts and want to put it away for the baby's education. Which of the following tends to have the highest growth over periods of time as long as 18 years?

- a. A checking account.
b. Stocks.
 c. A U.S. Government savings bond.
 d. A savings account.
 e. Don't know
 f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Rob and Mary are the same age. At age 25 Mary began saving \$2,000 a year while Rob saved nothing. At age 50, Rob

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

realized that he needed money for retirement and started saving \$4,000 per year while Mary kept saving her \$2,000. Now they are both 75

- They would each have the same amount because they put away exactly the same.
- Rob, because he saved more each year.
- Mary, because she has put away more money.
- Mary, because her money has grown for a longer time at compound interest.**
- Don't know
- Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Under which of the following circumstances would it be financially beneficial to you to borrow money to buy something now and repay it with future income?

- When you need to buy a car to get a much better paying job.**
- When you really need a week vacation.
- When some clothes you like go on sale.
- When the interest on the loan is greater than the interest you get on your savings.
- Don't know
- Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

Which of the following statements best describes your right to check your credit history for accuracy?

- a. **Your credit record can be checked once a year for free.**
- b. You cannot see your credit record.
- c. All credit records are the property of the U.S. Government and access is only available to the FBI and Lenders.
- d. You can only check your record for free if you are turned down for credit based on a credit report.
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

If you are behind on your debt payments and go to a responsible credit counseling service such as the Consumer Credit Counseling Services, what help can they give you?

- a. They can cancel and cut up all of your credit cards without your permission.
- b. They can get the federal government to apply your income taxes to pay off your debts.
- c. **They can work with those who loaned you money to set up a payment schedule that you can meet.**
- d. They can force those who loaned you money to forgive all your debts.
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

Barbara has just applied for a credit card. She is an 18-year-old high school graduate with few valuable possessions and no credit history. If Barbara is granted a credit card, which of the following is the most likely way that the credit card company will reduce ITS risk?

- a. It will make Barbara's parents pledge their home to repay Karen's credit card debt.
- b. It will require Barbara to have both parents co-sign for the card.
- c. It will charge Barbara twice the finance charge rate it charges older cardholders.
- d. It will start Barbara out with a small line of credit to see how she handles the account.**
- e. Don't know
- f. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Bank A offers monthly compounding and Bank B offers yearly compounding. Both banks offer the same interest rate. In your opinion, which bank would you choose if you wanted a higher return?

- a. Bank A.**
- b. Bank B.
- c. Both banks offer the same return..
- d. Don't know
- e. Prefer not to answer

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in						

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

the basic financial literacy assessment test.

<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Comments:

You are likely to obtain the lowest interest on loans with _____?

- a. *Credit card companies.*
- b. **Banks/credit unions.**
- c. *Check-cashing firms.*
- d. *Don't know*
- e. *Prefer not to answer*

Upon reviewing the question above, do you feel it should be included in or excluded from the pool of questions for the final basic financial literacy assessment test? If you feel it should be included, please select the category or categories you feel it addresses.

	Include question?		Category or Categories this question addresses			
	Yes	No	Money Basics	Borrowing	Building Assets	Protecting Assets
This question should be included in the basic financial literacy assessment test.	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Self-assessed Financial Literacy Questions

Financial Literacy Self-Assessment Questions:

Reviewing the following financial literacy self-assessment questions, do you feel each should be included in or excluded (identifying reason) from the self-assessment portion of the final basic financial literacy assessment test?

I am pretty good at math.

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

1. *Strongly Disagree*
2. *Disagree*
3. *Slightly Disagree*
4. *Neither Disagree nor Agree*
5. *Slightly Agree*
6. *Agree*
7. *Strongly Agree*

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent

Comments:

I am good at dealing with day-to-day financial matters, such as checking accounts, credit and debit cards, mortgages, installment payments, and tracking expenses.

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. *Strongly Disagree*
2. *Disagree*
3. *Slightly Disagree*
4. *Neither Disagree nor Agree*
5. *Slightly Agree*
6. *Agree*
7. *Strongly Agree*

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent

Comments:

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. Strongly Disagree
2. Disagree
3. Slightly Disagree
4. Neither Disagree nor Agree
5. Slightly Agree
6. Agree
7. Strongly Agree

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent

Comments:

I am good at managing credit cards and debt like car loans or a mortgage.

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. Strongly Disagree
2. Disagree
3. Slightly Disagree
4. Neither Disagree nor Agree
5. Slightly Agree
6. Agree
7. Strongly Agree

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent

Comments:

Continued on the next page

Appendix M continued

Validation Panel Round 2, Group 2 Online Survey (continued)

On a scale of 1 to 7, with 1 meaning *Very Low* and 7 meaning *Very High*, how would you assess your overall financial knowledge?

1. *Very Low*
2. *Low*
3. *Slightly Low*
4. *Average*
5. *Slightly High*
6. *High*
7. *Very High*

	1	2	Neutral	4	5	
Language: Very Unclear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Clear
Wording: Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent

Comments:

Appendix N

Verification Panel Online Survey

Verification Panel member,

Thank you for agreeing to serve as a member of the Verification Panel for my dissertation research. Your input will determine the final assessment instrument.

In the verification round of review, you will be evaluating 26 knowledge questions for the basic financial literacy assessment instrument and five self-assessed financial literacy questions. The final instrument will be administered to U.S. adults age 18 and over using an online survey.

The estimated time to complete the review is approximately 30 minute. Please complete your review as soon as possible. The survey allows for you to stop and come back, so please feel free to break when necessary. You will be able to save the survey and return where you left off. If you have any questions or need assistance, please feel free to contact me at pjdahmen@mail.usf.com or 941-962-1211.

INSTRUCTIONS

Please read each knowledge questions and possible answers (correct answer is bold). Then, respond to the following statements:

- This question should be included in a basic financial literacy assessment instrument. (Agree or disagree)
- The language used in this question is . . . (From very unclear to very clear, evaluate whether the question is simple, clear and easy to understand),
- The wording of this question is . . . (From poor to excellent, evaluate whether the question contains wording that is relevant and free from bias. In other words, it portrays a neutral viewpoint)
- The difficulty rating of this question is . . . (Difficulty definitions are below)
- The financial literacy content category (categories) is (are) appropriate. (Definitions of categories are below)

Please evaluate each question on the following scale:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Include question	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Language	Very Unclear	Unclear	Neutral	Clear	Very Clear
Wording	Poor	Needs Improvement	Neutral	Good	Excellent
Difficulty Rating	Too Easy	Easy	Average	Difficult	Too Difficult
Content Category	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

Difficulty ratings are as follows:

Rating	Description
Very Easy	Common Knowledge, most adults would know this.
Easy	An adult would have acquired this financial literacy knowledge in the course normal K-12 education.
Neutral	Average, requires some understanding of financial literacy and learning beyond K-12.
Difficult	Requires a level of education specifically directed at financial literacy concepts.
Very Difficult	Advance financial literacy concepts learned through focused financial courses (i.e. financing or investing courses).

The categories for content areas are:

Continued on the next page

Appendix N continued

Verification Panel Online Survey (continued)

Financial Literacy Category	Topics Included in Category
Money basics	Compound interest, Time value of money, purchasing power/inflation, spending, short-term savings
Borrowing	APR, finance charges, loan terms, credit scores; type of borrowing (e.g., education, home, vehicles)
Building assets	Long-term-savings accounts/Certificates of deposit, stocks, bonds, mutual funds, annuities
Protecting assets	Investment product risk (stocks vs. bonds vs. mutual funds), investment diversity, insurance protection

Please feel free to comment in the areas provided. When rating 1 or 2, providing reasons and/or suggestion for possible improvement are welcomed.

Knowledge Questions

If you had \$100 in a savings account and the interest rate was 2% per year. After 5 years how much do you think you would have in the account if you left the money to grow?

- a. **More than \$102**
- b. Exactly \$102
- c. Less than \$102
- d. Don't know
- e. Prefer not to answer

Categories this question addresses: Money Basics & Building Assets

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
Language used in the question is.... 1= Very Unclear - 5 = Very Clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The wording of the question is.... 1=Poor - 5 = Excellent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The difficulty rating of the question is 1=Very Easy - 5=Very	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

Continued on the next page

Appendix N continued

Verification Panel Online Survey (continued)

Difficult

The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree - 5 = Strongly Agree



Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, would you be able to buy:

- a. More than today
- b. Exactly the same
- c. **Less than today**
- d. Don't know
- e. Prefer not to answer

Categories this question addresses: Money Basics

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
Language used in the question is.... 1= Very Unclear - 5 = Very Clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The wording of the question is.... 1=Poor - 5 = Excellent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The difficulty rating of the question is 1=Very Easy - 5=Very Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

In the year 2016, the Johnson's family income will double and prices of all goods and service will double too. In 2016, how much will the Johnson family be able to buy with their income?

- a. More than 2015
- b. **The same**
- c. Less than 2015
- d. Don't know
- e. Prefer not to answer

Categories this question addresses: Money Basics

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

Continued on the next page

Appendix N continued

Verification Panel Online Survey (continued)

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
Language used in the question is.... 1= Very Unclear - 5 = Very Clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The wording of the question is.... 1=Poor - 5 = Excellent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The difficulty rating of the question is 1=Very Easy - 5=Very Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

An annuity is a financial product that pays a lump sum when you die.

- a. True
- b. False
- c. Don't know
- d. Prefer not to answer

Categories this question addresses: Money Basics & Building Assets

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
Language used in the question is.... 1= Very Unclear - 5 = Very Clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The wording of the question is... 1=Poor - 5 = Excellent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The difficulty rating of the question is 1=Very Easy - 5=Very Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The Financial Literacy content category						<input type="text"/>

Continued on the next page

Appendix N continued

Verification Panel Online Survey (continued)

(categories) is (are) appropriate.
1=Strongly Disagree -
5 = Strongly Agree

If you were to invest \$1,000 in a stock mutual fund, it would be possible to have less than \$1,000 when you withdraw your money.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Categories this question addresses: Money Basics & Building Assets

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
Language used in the question is.... 1= Very Unclear - 5 = Very Clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The wording of the question is.... 1=Poor - 5 = Excellent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The difficulty rating of the question is 1=Very Easy - 5=Very Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less.

- a. **True**
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Category this question addresses: Borrowing

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic						<input type="text"/>

Continued on the next page

Appendix N continued

Verification Panel Online Survey (continued)

financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	<input type="text"/>
Language used in the question is.... 1= Very Unclear - 5 = Very Clear	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	<input type="text"/>
The wording of the question is.... 1=Poor - 5 = Excellent	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	<input type="text"/>
The difficulty rating of the question is 1=Very Easy - 5=Very Difficult	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	<input type="text"/>
The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	<input type="text"/>

Suppose you owe \$1,000 on your credit card and the interest rate you are charged is 20% per year compounded annually. If you didn't make any payments on the credit card, at this interest rate, how many years would it take for the amount you owe to double?

- a. 2 years
- b. **Less than 5 years**
- c. 5 to 10 years
- d. More than 20 years
- e. Don't know
- f. Prefer not to answer

Category this question addresses: Borrowing

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
Language used in the question is.... 1= Very Unclear - 5 = Very Clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The wording of the question is.... 1=Poor - 5 = Excellent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The difficulty rating of the question is 1=Very Easy - 5=Very Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree -	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

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Appendix N continued

Verification Panel Online Survey (continued)

5 = Strongly Agree

It is possible to reduce the risk of investing in the stock market by buying a wide range of stocks and shares.

- a. *True*
- b. *False*
- c. *Don't know*
- d. *Prefer not to answer*

Categories this question addresses: Money Basics, Building Assets, & Protecting Assets

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
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The wording of the question is.... 1=Poor - 5 = Excellent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The difficulty rating of the question is 1=Very Easy - 5=Very Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

Net worth is equal to

- a. *Total assets*
- b. *Total assets plus liabilities*
- c. ***Total assets minus liabilities***
- d. *Don't know*
- e. *Prefer not to answer*

Category this question addresses: Money Basics

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:.					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

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Appendix N continued

Verification Panel Online Survey (continued)

Agree		
Language used in the question is.... 1= Very Unclear - 5 = Very Clear	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	<input type="text"/>
The wording of the question is.... 1=Poor - 5 = Excellent	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	<input type="text"/>
The difficulty rating of the question is 1=Very Easy - 5=Very Difficult	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	<input type="text"/>
The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	<input type="text"/>

Retirement savings will not be subject to federal income tax upon withdrawal when the contribution is made to:

- a. A Traditional IRS or Individual Retirement Account
- b. **A Roth IRA**
- c. A 401(k) plan
- d. Don't know
- e. Prefer not to answer

Categories this question addresses: Money Basics & Building Assets

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
Language used in the question is.... 1= Very Unclear - 5 = Very Clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The wording of the question is.... 1=Poor - 5 = Excellent.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The difficulty rating of the question is 1=Very Easy - 5=Very Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

If your assets increase by \$5,000 and your liabilities decrease by \$3,000, your net worth would

Continued on the next page

Appendix N continued

Verification Panel Online Survey (continued)

- a. Increase by \$2,000
- b. **Increase by \$8,000**
- c. Increase by \$3,000
- d. Don't know
- e. Prefer not to answer

Categories this question addresses: Money Basics & Protecting Assets

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
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The difficulty rating of the question is 1=Very Easy - 5=Very Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

To reduce the total finance costs paid over the life of an auto loan, you should choose a loan with the

- a. Lowest monthly payment
- b. Longest repayment term
- c. **Shortest repayment**
- d. Don't know
- e. Prefer not to answer

Categories this question addresses: Money Basics & Borrowing

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
Language used in the question is.... 1= Very Unclear - 5 = Very Clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

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Appendix N continued

Verification Panel Online Survey (continued)

The wording of the question is.... 1=Poor - 5 = Excellent

The difficulty rating of the question is 1=Very Easy - 5=Very Difficult

The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree - 5 = Strongly Agree

If you always pay the full balance on your credit card, which of the following is least important?

- a. Annual interest rate
- b. Annual fee
- c. Line of credit
- d. Don't know
- e. Prefer not to answer

Categories this question addresses: Money Basics & Borrowing

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:					Comments:
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
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The wording of the question is.... 1=Poor - 5 = Excellent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The difficulty rating of the question is 1=Very Easy - 5=Very Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

Your net worth is

- a. the difference between your expenditures and income.
- b. **the difference between your liabilities and assets.**
- c. the difference between your cash inflow and outflow.
- d. the difference between your bank borrowing and savings.

Continued on the next page

Appendix N continued

Verification Panel Online Survey (continued)

- e. none of the above.
- f. Don't know
- g. Prefer not to answer

Category this question addresses: Money Basics

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
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The difficulty rating of the question is 1=Very Easy - 5=Very Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

You can receive your credit report from

- a. a credit union.
- b. a commercial bank.
- c. the Better Business Bureau.
- d. **a credit bureau.**
- e. a professor.
- f. Don't know
- g. Prefer not to answer

Categories this question addresses: Borrowing

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
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Appendix N continued

Verification Panel Online Survey (continued)

The wording of the question is.... 1=Poor - 5 = Excellent

The difficulty rating of the question is 1=Very Easy - 5=Very Difficult

The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree - 5 = Strongly Agree

With compound interest, you earn interest on your interest, as well as on your principal.

- a. True
- b. False
- c. Don't know
- d. Prefer not to answer

Categories this question addresses: Money Basics, Building Assets, & Protecting Assets

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
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The wording of the question is.... 1=Poor - 5 = Excellent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The difficulty rating of the question is 1=Very Easy - 5=Very Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

The earlier you start saving for retirement, the more money you will have because the effects of compounding interest increase over time.

- a. True
- b. False
- c. Don't know
- d. Prefer not to answer

Categories this question addresses: Money Basics & Building Assets

Continued on the next page

Appendix N continued

Verification Panel Online Survey (continued)

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
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The wording of the question is.... 1=Poor - 5 = Excellent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The difficulty rating of the question is 1=Very Easy - 5=Very Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
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You should have an emergency fund that covers two to six months of your expenses.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Categories this question addresses: Money Basics & Building Assets

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
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The difficulty rating of the question is 1=Very Easy - 5=Very Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
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Appendix N continued

Verification Panel Online Survey (continued)

content category (categories) is (are) appropriate.
1=Strongly Disagree - 5 = Strongly Agree

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If you have a savings account at a bank, you may have to pay taxes on the interest you earn.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Categories this question addresses: Money Basics & Building Assets

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
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If the interest rate on an adjustable-rate mortgage loan goes up, your monthly mortgage payments will also go up.

- a. **True**
- b. **False**
- c. *Don't know*
- d. *Prefer not to answer*

Categories this question addresses: Money Basics & Building Assets

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

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Appendix N continued

Verification Panel Online Survey (continued)

instrument. 1=Strongly Disagree - 5 = Strongly Agree

Language used in the question is.... 1= Very Unclear - 5 = Very Clear

The wording of the question is.... 1=Poor - 5 = Excellent

The difficulty rating of the question is 1=Very Easy - 5=Very Difficult

The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree - 5 = Strongly Agree

Repeatedly refinancing your home mortgage over a short period of time results in added fee and points that further increase your debt.

- a. True
- b. False
- c. Don't know
- d. Prefer not to answer

Categories this question addresses: Borrowing & Building Assets

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:.					comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
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The difficulty rating of the question is 1=Very Easy - 5=Very Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

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Appendix N continued

Verification Panel Online Survey (continued)

Your credit report includes employment data, your payments history, any inquiries made by creditors, and any public record information.

- a. True
- b. False
- c. Don't know
- d. Prefer not to answer

Categories this question addresses: Money Basics & Borrowing

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
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The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

If you buy certificates of deposit, savings bonds, or Treasury bills, you can earn higher returns than on a savings account, with little or no added risk.

- a. True
- b. False
- c. Don't know
- d. Prefer not to answer

Category this question addresses: Building Assets

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
Language used in the question is.... 1= Very						

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Appendix N continued

Verification Panel Online Survey (continued)

Unclear - 5 = Very Clear	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	<input type="text"/>
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Which of the following statements is NOT correct about most ATM (Automated Teller Machine) cards?

- You can generally get cash 24 hours-a-day.
- You can generally obtain information concerning your bank balance at an ATM machine.
- You can get cash anywhere in the world with no fee.**
- You must have a bank account to have an ATM card.
- Don't know
- Prefer not to answer

Category this question addresses: Money Basics

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
Language used in the question is..... 1= Very Unclear - 5 = Very Clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The wording of the question is..... 1=Poor - 5 = Excellent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The difficulty rating of the question is 1=Very Easy - 5=Very Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

Bank A offers monthly compounding and Bank B offers yearly compounding. Both banks offer the same interest rate. In your opinion, which bank would you choose if you wanted a higher return?

- Bank A.

Continued on the next page

Appendix N continued

Verification Panel Online Survey (continued)

- b. Bank B.
- c. Both banks offer the same return..
- d. Don't know
- e. Prefer not to answer

Category this question addresses: Building Assets

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
Language used in the question is.... 1= Very Unclear - 5 = Very Clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The wording of the question is.... 1=Poor - 5 = Excellent.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The difficulty rating of the question is 1=Very Easy - 5=Very Difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The Financial Literacy content category (categories) is (are) appropriate. 1=Strongly Disagree - 5 = Strongly Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

Do you think buying stock in a single company is safer than buying stock in several different companies?

- a. Yes.
- b. **No.**
- c. Don't know
- d. Prefer not to answer

Categories this question addresses: Building Assets & Protecting Assets

Upon reviewing the question above, please note your responses to the statements below. Please comment or provide your suggestion for items you rate 1 or 2.

	Please rate the following					Comments
	1	2	3	4	5	
This question should be included in a basic financial literacy assessment instrument.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
Language used in the question is clear. Language used in the question is.... 1= Very Unclear - 5 = Very Clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The wording of the question is.... 1=Poor -	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

Continued on the next page

Appendix N continued

Verification Panel Online Survey (continued)

5 = Excellent.

The difficulty rating of the question is
1=Very Easy - 5=Very Difficult



The Financial Literacy content category (categories) is (are) appropriate.
1=Strongly Disagree - 5 = Strongly Agree



Self-Assessment Questions

Please read each of the following self-assessment financial knowledge questions (five questions) and possible answers. Then, respond to the following statements:

- This question should be included in a basic financial literacy assessment instrument.
- The language used in this question is . . . (evaluate whether the question is simple, clear and easy to understand),
- The wording of this question is . . . (evaluate whether the question contains wording that is relevant and free from bias, in other words, it portrays a neutral viewpoint)

	1	2	3	4	5
Include question	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Language	Very Unclear	Unclear	Neutral	Clear	Very Clear
Wording	Poor	Needs Improvement	Neutral	Good	Excellent

Please feel free to comment in the areas provided. When rating 1 or 2, providing reasons and/or suggestion for possible improvement are welcomed.

I am comfortable with my knowledge dealing with day-to-day financial matters, such as checking accounts, credit and debit cards, mortgages, installment payments, and tracking expenses.

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. Strongly Disagree
2. Disagree
3. Slightly Disagree
4. Neither Disagree nor Agree
5. Slightly Agree
6. Agree
7. Strongly Agree

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in financial literacy self-assessment instrument.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
Language used in the question is.... 1= Very Unclear - 5 = Very Clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The wording of the						

Continued on the next page

Appendix N continued

Verification Panel Online Survey (continued)

question is.... 1=Poor -
5 = Excellent.

I am comfortable with my knowledge managing money, budgeting and planning my expenditures.

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. Strongly Disagree
2. Disagree
3. Slightly Disagree
4. Neither Disagree nor Agree
5. Slightly Agree
6. Agree
7. Strongly Agree

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in financial literacy self-assessment instrument.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
Language used in the question is.... 1= Very Unclear - 5 = Very Clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The wording of the question is.... 1=Poor - 5 = Excellent.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

I am comfortable with my knowledge managing credit cards and debt like car loans or a mortgage.

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. Strongly Disagree
2. Disagree
3. Slightly Disagree
4. Neither Disagree nor Agree
5. Slightly Agree
6. Agree
7. Strongly Agree

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in financial literacy self-assessment instrument.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
Language used in the question is.... 1= Very Unclear - 5 = Very Clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The wording of the question is.... 1=Poor - 5 = Excellent.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

I understand investment products (stocks, bonds and mutual funds) and retirement accountants (IRAs, 401Ks and

Continued on the next page

Appendix N continued

Verification Panel Online Survey (continued)

annuities).

On a scale of 1 to 7, with 1 meaning Strongly Disagree and 7 meaning Strongly Agree, how do you rate yourself with regard to this statement?

1. Strongly Disagree
2. Disagree
3. Slightly Disagree
4. Neither Disagree nor Agree
5. Slightly Agree
6. Agree
7. Strongly Agree

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in financial literacy self-assessment instrument.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
Language used in the question is.... 1= Very Unclear - 5 = Very Clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The wording of the question is.... 1=Poor - 5 = Excellent.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

On a scale of 1 to 7, with 1 meaning Very Low and 7 meaning Very High, how would you assess your overall financial knowledge?

1. Very Low
2. Low
3. Slightly Low
4. Average
5. Slightly High
6. High
7. Very High

	Please rate the following:					Comments
	1	2	3	4	5	
This question should be included in financial literacy self-assessment instrument.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
Language used in the question is.... 1= Very Unclear - 5 = Very Clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
The wording of the question is.... 1=Poor - 5 = Excellent.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

Appendix O

Field Test Communication

From: Pearl Para <pjdahmen@mail.usf.edu>
Date: Tue, Sep 22, 2015 at 3:48 PM
Subject: SBDC Small Business Financial Literacy Research
To: <smallbusinessowner.address>

Hello <Name,>

You are receiving this email because you have been one of my consulting clients at the Florida SBDC at USF. I am currently working on my Doctorate at USF and I feel you could provide valuable input to my dissertation research.

I am currently a part-time SBDC employee, while I work on my dissertation: Financial Literacy Continuing Professional Education Cognitive Needs Assessment for Florida Small Business Owners.

As a part of this research, I am developing a basic financial literacy assessment survey. The results of the research will be to provide the SBDC with valuable data about the educational needs of small business owners related to financial literacy.

The survey is ready for field-testing. In other words, I am looking for small business owners to take the survey and provide feedback. You would be a perfect candidate for this phase of my research. I hope you will agree to participate.

Participation entails completing the online survey of 30 questions, and giving your feedback (in the form of a few short comments) at the end of the survey. The estimated time to complete the survey is less than 20 minutes. The results of the survey will be anonymous, and will go into statistical totals. I will be happy to share the results of the field test (included the correct answers), as well as the final research results, if you are interested.

Will you be a part of this valuable research? Please respond to this email either way. Once I receive your response, the link to the survey will be provided to you.

Thank you in advance for your consideration.

Best regards,



Pearl Dahmen Para, CPA
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www.SBDCTampaBay.com

Appendix P

Field Test Online Survey

Introduction

Thank you for your participation in this research (USF IRB 22494) regarding financial literacy. Information gathered from this study may be utilized to assist small business organizations and governmental agencies guide financial literacy education. Because of your background and expertise, your participation and input are invaluable.

This assessment survey is a part of a dissertation. The survey consists of two sections: 20 knowledge questions, and five self-assessments questions. Completing it should take approximately than 15 minutes.

Once you complete each section of the survey, you will be asked to give your feedback. Consider the understandability and difficulty of the questions when giving feedback. Please add any comments you feel would be helpful related to any question.

Your participation is voluntary and uncompensated. **No identifying information is being gathered and your participation is anonymous and confidential.** There are no known benefits or risks to this research. The data will be kept for a period of 5 years.

If, at any time, you have questions regarding your participation or issues with this website, please contact the Principal Investigator, Pearl Dahmen Para, at pjdahmen@mail.usf.edu.

Demographic Questions

Please respond to the following demographic questions:

What is your gender?

- Male
- Female
- Other (Please Specify)

What year were you born?

How many years have you owned your current small business?

- 0 - 2 years
- 3 - 5 years
- 5 - 10 years
- 10 - 20 years
- Over 20 years

Continued on the next page

Appendix P continued

Field Test Online Survey (continued)

Not counting yourself, how many employees are there in your current business?

- No employees
- Less than 5 employees
- More than 5 employees

What was the last year of education you completed?

- Did not complete high school
- High school graduate - regular high school or GED
- Some college
- College graduate
- Post graduate education

Knowledge Questions

Please respond to the following financial literacy questions.

You should have an emergency fund that covers three to six months of your expenses.

- True
- False
- Don't know
- Prefer not to answer

With compound interest, interest is earned on interest in addition to the original deposit or loan.

- True
- False
- Don't know
- Prefer not to answer

The earlier you start saving for retirement, the more money you will have because the effects of compounding interest increase over time.

- True
- False
- Don't know
- Prefer not to answer

Continued on the next page

Appendix P continued

Field Test Online Survey (continued)

Bank A offers monthly compounding and Bank B offers yearly compounding. Both banks offer the same interest rate. In your opinion, which bank would you choose if you wanted a higher return?

- Bank A
- Bank B
- Both banks offer the same return.
- Don't know
- Prefer not to answer

Annually, you can receive a free credit report from

- a credit union.
- a commercial bank.
- the Better Business Bureau
- a credit bureau.
- Don't know
- Prefer not to answer

Your credit report includes your outstanding credit balances, payments history, any inquiries made by creditors, but, does not include employment data and public record information.

- True
- False
- Don't know
- Prefer not to answer

To reduce the total interest or finance costs paid over the life of a loan, you should choose a loan with the

- Lowest monthly payment
- Longest repayment term
- Shortest repayment term
- Don't know
- Prefer not to answer

If you always pay the full balance on your credit card, which of the following is least important?

- Annual interest rate
- Annual fee
- Credit Limit

Continued on the next page

Appendix P continued

Field Test Online Survey (continued)

- Don't know
- Prefer not to answer

Suppose you owe \$1,000 on your credit card and the interest rate you are charged is 20% per year compounded annually. If you didn't make any payments on the credit card, at this interest rate, how many years would it take for the amount you owe to double?

- 2 years
- Less than 5 years
- 5 to 10 years
- More than 20 years
- Don't know
- Prefer not to answer

To ensure that some of your retirement savings will not be subject to income tax upon withdrawal, you would contribute to:

- A Traditional IRA (Individual Retirement Account)
- A Roth IRA
- A 401(k) plan
- Don't know
- Prefer not to answer

If you have a savings account at a bank and do not withdraw any money, you will not have to pay taxes on the interest you earn.

- True
- False
- Don't know
- Prefer not to answer

A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less.

- True
- False
- Don't know
- Prefer not to answer

If the interest rate on an adjustable-rate mortgage loan goes up, your monthly mortgage payments will not go up.

Continued on the next page

Appendix P continued

Field Test Online Survey (continued)

- True
- False
- Don't know
- Prefer not to answer

Repeatedly refinancing your home mortgage over a short period of time results in added fees and points that further increase your debt.

- True
- False
- Don't know
- Prefer not to answer

If you buy certificates of deposit (CDs), savings bonds, or Treasury bills, you can earn higher returns than on a savings account, with little or no added risk.

- True
- False
- Don't know
- Prefer not to answer

Do you think buying stock in a single company is safer than buying stock in several different companies?

- Yes
- No
- Don't know
- Prefer not to answer

It is possible to reduce the risk of losing your investment when investing in the stock market by buying a wide range of stocks and shares.

- True
- False
- Don't know
- Prefer not to answer

If you were to invest \$1,000 in a stock mutual fund, it would be possible to have less than \$1,000 when you withdraw your money.

- True
-

Continued on the next page

Appendix P continued

Field Test Online Survey (continued)

- False
- Don't know
- Prefer not to answer

Your net worth is

- the difference between your expenditure and income.
- the difference between your cash inflow and outflow.
- the difference between your bank borrowing and savings.
- The difference between your liabilities and assets.
- none of the above.
- Don't know
- Prefer not to answer

If your assets increase by \$5,000 and your liabilities decrease by \$3,000, your net worth would

- Increase by \$2,000
- Increase by \$3,000
- Increase by \$8,000
- Don't know
- Prefer not to answer

Please provide any feedback or comments on the knowledge questions portion of this survey.

Self-Assessment Questions

For the following five questions, rate (or assess) your belief or confidence on each of the statements.

I am comfortable with my knowledge to deal with day-to-day financial matters, such as checking accounts, credit and debit cards, mortgages, installment payments, and tracking expenses.

	Strongly Disagree	Disagree	Slightly Disagree	Neither Disagree or Agree	Slightly Agree	Agree	Strongly Agree
To what extent do you agree							

Continued on the next page

Appendix P continued

Field Test Online Survey (continued)

or disagree with the above statement.

I am comfortable with my knowledge to manage money, budgeting and planning my expenditures.

	Strongly Disagree	Disagree	Slightly Disagree	Neither Disagree or Agree	Slightly Agree	Agree	Strongly Agree
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To what extent do you agree or disagree with the following statement.

I am comfortable with my knowledge to manage credit cards and debt like car loans or a mortgage.

	Strongly Disagree	Disagree	Slightly Disagree	Neither Disagree or Agree	Slightly Agree	Agree	Strongly Agree
--	-------------------	----------	-------------------	---------------------------	----------------	-------	----------------

To what extent do you agree or disagree with the following statement.

I understand investment products (for example stocks, bonds, and mutual funds) and retirement accounts (such as IRAs, 401Ks, and annuities).

	Strongly Disagree	Diagree	Slightly Disagree	Neither Disagree or Agree	Slightly Agree	Agree	Strongly Agree
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To what extent do you agree or disagree with the following statement.

Consider your overall financial knowledge,

	Very Low.	Low	Slightly Low	Average	Slightly High	High	Very High
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How would you assess your overall financial knowledge?

Please provide any feedback or comments on the self-assessment questions portion of this survey.

Appendix Q

Final Review Panel Email Communication

From: Pearl Para [mailto:pjdahmen@mail.usf.edu]
Sent: Sunday, October 18, 2015 12:10 PM
To: Pearl Dahmen
Subject: Financial Literacy Research - Assessment Final Review

Hello,

Thank again for agreeing to be part of the expert panels assisting in the development of financial literacy assessment instrument that will be used in my dissertation research.

The instrument has been field-tested and is ready for the final review. If you would like to be part of the final review panel and have availability between now and Friday, October 23rd, your input is invaluable and appreciated.

The instrument consists of 20 knowledge questions and five self-assessment questions, plus five demographic questions. It takes less than 15 minutes to complete.

If you are interested, the assessment is available online at http://usf.qualtrics.com/SE/?SID=SV_8eKm1uN7jLndifj or you can review the attached PDF copy of the survey. Please consider to the follow questions:

- Did you have any problems with a question? If so, which one? What was the problem?
- Does everything read clearly? Including the directions?
- Did you find any issues with the flow or order of the questions? If so, explain.
- Is there anything you feel could improve the survey?
- Do you feel the results of this survey will be an appropriate assessment of an individual's basic financial literacy?

Please respond with your feedback and comments at the end of the survey or via email.

NOTE: This survey is mobile friendly and can be accessed with a smart phone or tablet as well as a computer or laptop.

Your assistance and support is greatly appreciated. Please let me know if you would like to know the final results of my research.

Best regards,

Pearl Dahmen Para
University of South Florida
PhD Candidate

Appendix R

Final Review Panel Online Survey

Introduction

Thank you for your participation in this research (USF IRB 22494) regarding financial literacy. Information gathered from this study may be utilized to assist small business organizations and governmental agencies guide financial literacy education. Because of your background and expertise, your participation and input are invaluable.

This assessment survey is a part of dissertation research. The survey consists of three sections: 5 demographic questions, 20 knowledge questions, and five self-assessments questions. Completing it takes less than 15 minutes.

Your participation is voluntary and uncompensated. **No identifying information is being gathered and your participation is anonymous and confidential.** There are no known benefits or risks to this research. The data will be kept for a period of 5 years.

Additionally, information gathered will **ONLY** be used for research related to financial literacy within this study. Your participation will not cause you to receive any emails unrelated to this survey.

Your email will not be connected to the results of this assessment in any way. If you are interest in the final results of the study, please register your email separately at the end of the survey.

If, at any time, you have questions regarding your participation or issues with this website, please contact the Principal Investigator, Pearl Dahmen Para, at pjdahmen@mail.usf.edu.

Demographic Questions

Please respond to the following demographic questions:

D1. What is your gender?

- Male
- Female
- Other (Please Specify)
-

D2. What year were you born?

D3. How many years have you owned your current small business?

- 0 - 2 years
- 3 - 5 years
- 5 - 10 years
- Over 10 Years
- Not in business yet

Continued on the next page

Appendix R continued

Final Review Panel Online Survey (continued)

D4. Not counting yourself, how many employees are there in your current business?

- No employees
- Less than 5 employees
- More than 5 employees

D5. What was the last year of education you completed?

- Did not complete high school
- High school graduate - regular high school or GED
- Some college
- College graduate
- Post graduate education

Knowledge Questions

Please respond to the following financial literacy questions.

Q1. You should have an emergency fund that covers three to six months of your expenses.

- True
- False
- Don't know
- Prefer not to answer

Q2. With compound interest, interest is earned on interest in addition to the original deposit or loan.

- True
- False
- Don't know
- Prefer not to answer

Q3. The earlier you start saving for retirement, the more money you will have because the effects of compounding interest increase over time.

- True
- False
- Don't know
-

Appendix R continued

Final Review Panel Online Survey (continued)

Prefer not to answer

Q4. Bank A offers monthly compounding and Bank B offers yearly compounding. Both banks offer the same interest rate. In your opinion, which bank would you choose if you wanted a higher return?

- Bank A
- Bank B
- Both banks offer the same return.
- Don't know
- Prefer not to answer

Q5. Annually, you can receive a free credit report from

- a credit union.
- a commercial bank.
- the Better Business Bureau
- a credit bureau.
- Don't know
- Prefer not to answer

Q6. Your credit report includes your outstanding credit balances, payments history, and any inquiries made by creditors, but, does not include employment data and public record information.

- True
- False
- Don't know
- Prefer not to answer

Q7. To reduce the total interest or finance costs paid over the life of a loan, you should choose a loan with the

- Lowest monthly payment
- Longest repayment term
- Shortest repayment term
- Don't know
- Prefer not to answer

Q8. If you always pay the full balance on your credit card, which of the following is least important?

- Annual interest rate
-

Continued on the next page

Appendix R continued

Final Review Panel Online Survey (continued)

- Annual fee
- Credit Limit
- Don't know
- Prefer not to answer

Q9. Suppose you owe \$1,000 on your credit card and the interest rate you are charged is 20% per year compounded annually. If you didn't make any payments on the credit card, at this interest rate, how many years would it take for the amount you owe to double?

- 2 years
- Less than 5 years
- 5 to 10 years
- More than 20 years
- Don't know
- Prefer not to answer

Q10 To ensure that some of your retirement savings will not be subject to income tax upon withdrawal, you would contribute to:

- A Traditional IRA (Individual Retirement Account)
- A Roth IRA
- A 401(k) plan
- Don't know
- Prefer not to answer

Q11. If you have a savings account at a bank and do not withdraw any money, you will not have to pay taxes on the interest you earn.

- True
- False
- Don't know
- Prefer not to answer

Q12. A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less.

- True
- False
- Don't know
- Prefer not to answer

Continued on the next page

Appendix R continued

Final Review Panel Online Survey (continued)

Q13. If the interest rate on an adjustable-rate mortgage loan goes up, your monthly mortgage payments will not go up.

- True
- False
- Don't know
- Prefer not to answer

Q14. Repeatedly refinancing your home mortgage over a short period of time results in added fees and points that further increase your debt.

- True
- False
- Don't know
- Prefer not to answer

Q15. If you buy certificates of deposit (CDs), savings bonds, or Treasury bills, you can earn higher returns than on a savings account, with little or no added risk.

- True
- False
- Don't know
- Prefer not to answer

Q16. Do you think buying stock in a single company is safer than buying stock in several different companies?

- Yes
- No
- Don't know
- Prefer not to answer

Q17. It is possible to reduce the risk of losing your investment when investing in the stock market by buying a wide range of stocks and shares.

- True
- False
- Don't know
- Prefer not to answer

Q18. If you were to invest \$1,000 in a stock mutual fund, it would be possible to have less than \$1,000 when you withdraw

Continued on the next page

Appendix R continued

Final Review Panel Online Survey (continued)

your money.

- True
- False
- Don't know
- Prefer not to answer

Q19. Your net worth is

- the difference between your expenditure and income.
- the difference between your cash inflow and outflow.
- the difference between your bank borrowing and savings.
- The difference between your liabilities and assets.
- none of the above.
- Don't know
- Prefer not to answer

Q20. If your assets increase by \$5,000 and your liabilities decrease by \$3,000, your net worth would

- Increase by \$2,000
- Increase by \$3,000
- Increase by \$8,000
- Don't know
- Prefer not to answer

Self-Assessment Questions

For the following five questions, rate (or assess) your belief or confidence on each of the statements.

S1. I am comfortable with my knowledge to deal with day-to-day financial matters, such as checking accounts, credit and debit cards, mortgages, installment payments, and tracking expenses.

	Strongly Disagree	Disagree	Slightly Disagree	Neither Disagree or Agree	Slightly Agree	Agree	Strongly Agree
To what extent do you agree or disagree with the above statement.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

S2. I am comfortable with my knowledge to manage money, budgeting and planning my expenditures.

Neither

Continued on the next page

Appendix R continued

Final Review Panel Online Survey (continued)

	Strongly Disagree	Disagree	Slightly Disagree	Disagree or Agree	Slightly Agree	Agree	Strongly Agree
To what extent do you agree or disagree with the following statement.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

S3. I am comfortable with my knowledge to manage credit cards and debt like car loans or a mortgage.

	Strongly Disagree	Disagree	Slightly Disagree	Neither Disagree or Agree	Slightly Agree	Agree	Strongly Agree
To what extent do you agree or disagree with the following statement.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

S4. I understand investment products (for example stocks, bonds, and mutual funds) and retirement accounts (such as IRAs, 401Ks, and annuities).

	Strongly Disagree	Diagree	Slightly Disagree	Neither Disagree or Agree	Slightly Agree	Agree	Strongly Agree
To what extent do you agree or disagree with the following statement.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

S5. Consider your overall financial knowledge,

	Very Low.	Low	Slightly Low	Average	Slightly High	High	Very High
How would you assess your overall financial knowledge?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Block 4

Please provide your feedback and/or comments below. Consider the following questions:

- Did you have any problems with a question? If so, which one?
- Does everything read clearly? Including the directions?
- Did you find any issues with the flow or order of the questions?
- Is there anything you feel could improve the survey?
- Do you feel the results of this survey will be an appropriate assessment of an individual's basic financial literacy?

Appendix S

Final Financial Literacy Instrument

Introduction

Thank you for your participation in this research (USF IRB 22494) regarding financial literacy. Information gathered from this study may be utilized to assist small business organizations and governmental agencies guide financial literacy education. Because of your background and expertise, your participation and input are invaluable.

This assessment survey is a part of dissertation research. The survey consists of three sections: Five demographic questions, 22 knowledge questions, and five self-assessments questions. Completing it takes less than 15 minutes.

Your participation is voluntary and uncompensated. **No identifying information is being gathered and your participation is anonymous and confidential.** There are no known benefits or risks to this research. The data will be kept for a period of 5 years.

Additionally, information gathered will ONLY be used for research related to financial literacy within this study. Your participation will not cause you to receive any emails unrelated to this survey.

Your email will not be connected to the results of this survey in any way. If you are interest in the final results of the study, please provide your email separately at the end of the survey.

If, at any time, you have questions regarding your participation or issues with this website, please contact the Principal Investigator, Pearl Dahmen Para, at pjdahmen@mail.usf.edu.

Demographic Questions

Please respond to the following demographic questions:

What is your gender?

- Male
- Female
- Other (Please Specify)

What year were you born?

How many years have you owned your current small business?

- 0 - 2 years
- 3 - 5 years
- 6 - 10 years
- Over 10 years

Continued on the next page

Appendix S continued

Final Financial Literacy Instrument (continued)

Not counting yourself, how many employees are there in your current business?

- No employees
- Less than 5 employees
- More than 5 employees

What is the highest level of education you completed?

- Did not complete high school
- High school or GED
- Associates Degree
- Bachelor's Degree
- Master's Degree or higher

Knowledge Questions

Please respond to the following financial literacy questions:

It is recommended that you have an emergency fund that covers three to six months of personal expenses.

- True
- False
- Don't know
- Prefer not to answer

Compound interest is:

- The same as simple interest
- Only important for short-terms savings or loans
- Interest earned on interest in addition to the original deposit or loan
- Don't know
- Prefer not to answer

The earlier you start regularly saving for retirement, the more money you can accumulated because the effects of compounding interest over time.

- True
- False
- Don't know
-

Continued on the next page

Appendix S continued

Final Financial Literacy Instrument (continued)

Prefer not to answer

Bank A offers monthly compounding and Bank B offers yearly compounding. Both banks offer the same interest rate. In your opinion, which bank would you choose if you wanted a higher return?

- Both banks offer the same return
- Bank A
- Bank B
- Don't know
- Prefer not to answer

If you are monitoring or checking your personal credit score or history, you can receive a free credit report annually from:

- A credit union
- A commercial bank
- The Better Business Bureau
- A credit bureau
- Don't know
- Prefer not to answer

Your credit report includes your outstanding credit balances, payments history, and any inquiries made by creditors. It does not include employment data and public record information.

- True
- False
- Don't know
- Prefer not to answer

If your goal was to reduce the total interest or financing costs paid over the life of a loan, which of the following would accomplish this:

- Lowest monthly payment
- Longest repayment term
- Shortest repayment term
- Don't know
- Prefer not to answer

If you always pay the full balance on your credit card, which of the following is of least concern?

- Annual interest rate

Continued on the next page

Appendix S continued

Final Financial Literacy Instrument (continued)

- Annual fee
- Credit Limit
- Don't know
- Prefer not to answer

To ensure that some of your retirement savings will not be subjected to income tax upon withdrawal, you would contribute to:

- A Traditional IRA (Individual Retirement Account)
- A 401(k) plan
- A Roth IRA
- Don't know
- Prefer not to answer

A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less.

- True
- False
- Don't know
- Prefer not to answer

If the interest rate on an adjustable-rate mortgage loan goes up, your monthly mortgage payments will not go up.

- True
- False
- Don't know
- Prefer not to answer

Repeatedly refinancing your home mortgage over a short period of time results in added fees and interest rate points that further increase your debt.

- True
- False
- Don't know
- Prefer not to answer

If you buy certificates of deposit (CDs), savings bonds, or Treasury bills, you can earn higher returns than on a savings account, with little or no added risk.

(

Continued on the next page

Appendix S continued

Final Financial Literacy Instrument (continued)

- True
- False
- Don't know
- Prefer not to answer

Do you think buying stock in a single company is safer than buying stock in several different companies?

- Yes
- No
- Don't know
- Prefer not to answer

It is possible to reduce the risk of losing your investment when investing in the stock market by buying a wide range of stocks and shares.

- True
- False
- Don't know
- Prefer not to answer

If you were to invest \$1,000 in a stock mutual fund, it would be possible to have less than \$1,000 when you withdraw your money.

- True
- False
- Don't know
- Prefer not to answer

Your net worth is:

- The difference between your cash inflow and outflow
- The difference between your bank borrowing and savings
- Your income minus expenditures
- Your assets minus liabilities
- None of the above
- Don't know
- Prefer not to answer

Continued on the next page

Appendix S continued

Final Financial Literacy Instrument (continued)

If your assets increase by \$5,000 and your liabilities decrease by \$3,000, your net worth would:

- Increase by \$2,000
- Increase by \$3,000
- Increase by \$8,000
- Don't know
- Prefer not to answer

Block 4

If you had \$100 in a savings account and the interest rate was 2% per year. After 5 years how much do you think you would have in the account if you left the money to grow?

- More than \$102
- Exactly \$102
- Less than \$102
- Don't know
- Prefer not to answer

Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, would you be able to buy:

- More than today
- Exactly the same
- Less than today
- Don't know
- Prefer not to answer

If interest rates rise, what will typically happen to bond prices?

- They will rise
- They will fall
- They will stay the same
- There is no relationship between bond prices and the interest
- Don't know
- Prefer not to answer

Buying a company stock usually provides a safer return than a stock mutual fund.

Continued on the next page

Appendix S continued

Final Financial Literacy Instrument (continued)

- True
- False
- Don't know
- Prefer not to answer

Self-Assessment Questions

For the following five questions, rate (or assess) your belief or confidence on each of the statements.

I am comfortable with my knowledge to deal with day-to-day financial matters, such as checking accounts, credit and debit cards, mortgages, installment payments, and tracking expenses.

	Strongly Disagree	Disagree	Slightly Disagree	Neither Disagree or Agree	Slightly Agree	Agree	Strongly Agree
To what extent do you agree or disagree with the above statement.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I am comfortable with my knowledge to manage money, budgeting, and planning my expenditures.

	Strongly Disagree	Disagree	Slightly Disagree	Neither Disagree or Agree	Slightly Agree	Agree	Strongly Agree
To what extent do you agree or disagree with the following statement.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I am comfortable with my knowledge to manage credit cards and debt like car loans or a mortgage.

	Strongly Disagree	Disagree	Slightly Disagree	Neither Disagree or Agree	Slightly Agree	Agree	Strongly Agree
To what extent do you agree or disagree with the following statement.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I understand investment products (for example stocks, bonds, and mutual funds) and retirement accounts (such as IRAs, 401Ks, and annuities).

	Strongly Disagree	Diagree	Slightly Disagree	Neither Disagree or Agree	Slightly Agree	Agree	Strongly Agree
To what extent do you agree or disagree with the following statement.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Continued on the next page

Appendix S continued

Final Financial Literacy Instrument (continued)

When considering your financial knowledge,

	Very Low	Low	Slightly Low	Average	Slightly High	High	Very High
how would you assess your overall financial knowledge?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Appendix T

Participants' Email Communications

Participant Initial Email

From: Florida SBDC Network <no-reply@floridasbdc.org>
Date: Wed, Nov 4, 2015 at 2:23 PM
Subject: Florida Small Business Financial Literacy Continuing Professional Education Study
To: <smallbusinessowner.address>

Dear Florida SBDC client,

As a small business owner, and an active client of the Florida SBDC Network, your input and support is requested to assist in academic research (USF IRB22494) related to Florida Small Business Financial Literacy. Your participation is strictly voluntary and uncompensated. It will help us assess the financial literacy continuing professional education needs of small business owners in Florida as well as aid in defining programs to support your needs. The estimated time to complete the survey is less than 15 minutes.

All information gathered **WILL BE strictly confidential** and responses will remain **ANONYMOUS**. You will never be asked to give your name or other identifying information. Additionally, information gathered will **ONLY** be used for research related to financial literacy within this study. Your participation will not cause you to receive any emails unrelated to this survey. If you are interested in receiving the final results of the study, please send an email to pjdahmen@mail.usf.edu.

This research is being conducted for final requirements in PhD studies at the University of South Florida. It is aimed at understanding the complex phenomena of financial literacy as it relates to small business owners in Florida. The intended audiences for the results include the dissertation committee, FSBDCN, ASBDC, SBA, SCORE, the Florida Legislature, and the President's Advisory Council on Financial Capacity.

To participate in this research, please click on the link below to access the survey. Please note that this survey is mobile friendly and can be accessed with a smartphone or tablet as well as a computer or laptop.

Link to survey: http://usf.az1.qualtrics.com/SE/?SID=SV_aa6QAelivhqP177

Thank you for your participation.

Best regards,



Hosted by  **USF** MUMA
COLLEGE OF BUSINESS
UNIVERSITY OF SOUTH FLORIDA

FSBDC at the University of South Florida
Muma College of Business
1101 Channelside Drive, Suite 210
Port Tampa Bay Building
Tampa, Fl. 33602-3613
813.905.5819
www.SBDCTampaBay.com

Appendix T continued

Participant 2nd Reminder Email

From: **Florida SBDC Network** <no-reply@floridasbdc.org>

Date: Wed, Nov 18, 2015 at 2:17 PM

Subject: Reminder Florida Small Business Financial Literacy Continuing Professional Education Study

To: <smallbusinessowner>

Dear Florida SBDC client,

You have already received an email inviting you to participate in the Florida Small Business Financial Literacy research (USF IRB 22494). If you have completed the survey, **thank you**.

If you have not, please take less than 15 minutes to assist in gathering this valuable information that will help profile Florida small business financial literacy, as well as aid in defining education and programs to support your needs.

You were selected because you are a small business owner and an active client of the Florida SBDC Network. Your participation is strictly voluntary, and will be greatly appreciated.

All information gathered **WILL BE strictly confidential** and responses will remain **ANONYMOUS**. You will never be asked to give your name or other identifying information. Additionally, information gathered will **ONLY** be used for research related to financial literacy within this study. Your participation will not cause you to receive any emails unrelated to this survey. If you are interested in receiving the final results of the study, please send an email to pjdahmen@mail.usf.edu.

This research is being conducted for final requirements in PhD studies at the University of South Florida. It is aimed at understanding the complex phenomena of financial literacy as it relates to small business owners in Florida. The intended audiences for the results include the dissertation committee, FSBDCN, ASBDC, SBA, SCORE, the Florida Legislature, and the President's Advisory Council on Financial Capacity.

To participate in this research, please click on the link below to access the survey. Please note that this survey is mobile friendly and can be accessed with a smartphone or tablet as well as a computer or laptop.

Link to survey: http://usf.az1.qualtrics.com/SE/?SID=SV_aa6QAelivhqP177

Thank you for your participation.

Best regards,



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Tampa, FL 33602-3613
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www.SBDCTampaBay.com

Appendix T continued

Participant 3rd Reminder Email

From: Florida SBDC Network <no-reply@floridasbdc.org>
Date: Wed, Dec 2, 2015 at 2:55 PM
Subject: 2nd Reminder Florida Small Business Financial Literacy Study
To: <smallbusinessowner.address>

Dear Florida SBDC client,

If you have completed the FSBDCN Florida Financial Literacy survey, **thank you**.

If you have not, we appreciate your valuable time and hope you will take less than 15 minutes to assist us in gathering this valuable information that will help profile small business owner's financial literacy in Florida as well as aid in defining education and programs to support your needs.

You were selected because you are a small business owner and an active client of the Florida SBDC Network. Your participation is strictly voluntary, and will be greatly appreciated.

All information gathered **WILL BE strictly confidential** and responses will remain **ANONYMOUS**. You will never be asked to give your name or other identifying information. Additionally, information gathered will **ONLY** be used for research related to financial literacy within this study. Your participation will not cause you to receive any emails unrelated to this survey. If you are interested in receiving the final results of the study, please send an email to pidahmen@mail.usf.edu.

This research is being conducted for final requirements in PhD studies at the University of South Florida. It is aimed at understanding the complex phenomena of financial literacy as it relates to small business owners in Florida. The intended audiences for the results include the dissertation committee, FSBDCN, ASBDC, SBA, SCORE, the Florida Legislature, and the President's Advisory Council on Financial Capacity.

Please note that this survey is mobile friendly and can be accessed with a smartphone or tablet as well as a computer or laptop.

Link to survey: http://usf.az1.qualtrics.com/SE/?SID=SV_aa6QAelivhqP177

Thank you for your participation.

Best regards,



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813.905.5819
www.SBDCTampaBay.com

Appendix T continued

Participant Final Initial Email

From: Florida SBDC Network <no-reply@floridasbdc.org>
Date: Tue, Dec 15, 2015 at 9:39 AM
Subject: Final reminder Florida Small Business Financial Literacy Study
To: pjdahmen@mail.usf.edu

Dear Florida SBDC client,

If you have completed the FSBDCN Florida Financial Literacy survey, **thank you. The response to this survey has been very good. We are at 80% of the needed survey responses.** If you have not responded, please do so now to help us achieve our goal.

We appreciate your valuable time and hope you will take less than 15 minutes to assist us in gathering this valuable information that will help profile small business owner's financial literacy in Florida as well as aid in defining education and programs to support your needs.

You were selected because you are a small business owner and an active client of the Florida SBDC Network. Your participation is strictly voluntary, and will be greatly appreciated.

All information gathered **WILL BE strictly confidential** and responses will remain **ANONYMOUS**. You will never be asked to give your name or other identifying information. Additionally, information gathered will **ONLY** be used for research related to financial literacy within this study. Your participation will not cause you to receive any emails unrelated to this survey. If you are interested in receiving the final results of the study, please send an email to pjdahmen@mail.usf.edu.

This research is being conducted for final requirements in PhD studies at the University of South Florida. It is aimed at understanding the complex phenomena of financial literacy as it relates to small business owner's in Florida. The intended audiences for the results include the dissertation committee, FSBDCN, ASBDC, SBA, SCORE, the Florida Legislature, and the President's Advisory Council on Financial Capacity.

Please note that this survey is mobile friendly and can be accessed with a smartphone or tablet as well as a computer or laptop.

Link to survey: http://usf.az1.qualtrics.com/SE/?SID=SV_aa6QAelivhqP177

Thank you for your participation.

Best regards,



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Appendix U

IRB Approval Letter



RESEARCH INTEGRITY AND COMPLIANCE
Institutional Review Boards, FWA No. 00001669
12901 Bruce B. Downs Blvd., MDC035 • Tampa, FL 33612-4795
(813) 974-5638 • FAX(813)974-7091

July 9, 2015

Pearl Para
L-CACHE - Leadership, Counseling, Adult, Career & Higher Education

RE: **Exempt Certification**

IRB#: Pro00022494

Title: Financial Literacy Continuing Professional Education Cognitive Needs Assessment for Florida Small Business Owners

Dear Ms. Para:

On 7/8/2015, the Institutional Review Board (IRB) determined that your research meets criteria for exemption from the federal regulations as outlined by 45CFR46.101(b):

(2) Research involving the use of educational tests (cognitive, diagnostic, aptitude, achievement), survey procedures, interview procedures or observation of public behavior, unless:
(i) information obtained is recorded in such a manner that human subjects can be identified, directly or through identifiers linked to the subjects; and (ii) any disclosure of the human subjects' responses outside the research could reasonably place the subjects at risk of criminal or civil liability or be damaging to the subjects' financial standing, employability, or reputation.

Approved Items

Protocol_Financial Literacy Needs Assessment

Online Survey Consent

As the principal investigator for this study, it is your responsibility to ensure that this research is conducted as outlined in your application and consistent with the ethical principles outlined in the Belmont Report and with USF HRPP policies and procedures.

Please note, as per USF HRPP Policy, once the Exempt determination is made, the application is closed in ARC. Any proposed or anticipated changes to the study design that was previously declared exempt from IRB review must be submitted to the IRB as a new study prior to initiation of the change. If alterations are made to the study design that change the review category from

Appendix U continued

IRB Approval Letter (continued)

Exempt (i.e., adding a focus group, access to identifying information, adding a vulnerable population, or an intervention), these changes require a new application. However, administrative changes, including changes in research personnel, do not warrant an amendment or new application.

Given the determination of exemption, this application is being closed in ARC. This does not limit your ability to conduct your research project.

We appreciate your dedication to the ethical conduct of human subject research at the University of South Florida and your continued commitment to human research protections. If you have any questions regarding this matter, please call 813-974-5638.

Sincerely,

A handwritten signature in black ink, appearing to read "Kristen Salomon", followed by a horizontal line.

Kristen Salomon, Ph.D., Vice Chairperson
USF Institutional Review Board

Appendix V

Summary of Sources and Permissions Used to Obtain Financial Literacy Questions for Dissertation Study

#	Survey*	Researcher/ Author(s)	Year	Permission	URL Reference
1	Investing IQ	Volpe, Chen, & Pavliko (1996)	1996	What's Your Investing IQ? Money Forecast 1993, Time, Inc. Public document access	http://maagblog.ysu.edu/financialliteracy/files/2009/03/volpe4.pdf
2	Survey of Personal Financial Literacy	Chen & Volpe (1998)	1998	Email sent 5-2-2015 Response Received 5-31-2015	
3	Survey of Consumers	Hilgert, Hogarth & Beverly (2003)	2002	Sponsored by Federal Reserve Board, Department of Treasury, data collected by the NORC of the University of Chicago National Opinion Research Center	http://www.federalreserve.gov/econresdata/scf/aboutscf.htm http://www.norc.org/About/Pages/our-history.aspx
4	HRS	Lusardi & Mitchell (2007c)	2004	HRS Public Files and Data sets sponsored by the National Institute on Aging (grant number NIA U01AG009740) and conducted by the University of Michigan	http://hrsonline.isr.umich.edu/index.php?p=regcou

*Acronym defined in table below.

Continued on the next page

Appendix V continued

Summary of Sources and Permissions Used to Obtain Financial Literacy Questions for Dissertation Study (continued)

#	Survey*	Researcher/ Author(s)	Year	Permission	URL Reference
5	DHS	van Rooij, Lusardi & Alessie (2005)	2005	Data from special financial literacy module publicly available	http://www.nber.org/papers/w17339
6	ALP	Lusardi & Mitchell (2007b)	2006	Support of Social Security Administration	http://www.rand.org/labor/centers/financial-literacy.html
7	TNS Global	Lusardi & Tufano (2009)	2007	National Bureau of Economic Research NBER Working Paper	http://www.nber.org/papers/w14808
8	Jump\$start	Mandell (2008)	2008	Merrill Lynch Foundation underwriting costs of study (2008 study)	http://www.jumpstart.org/survey.html
9	CogEcon	Delavande, Rohwedder & Willis (2008); Hsu (2011)	2008	Public access through HRS part of the Unified Studies of Cognition (CogUSC) led by cognitive psychologist Jack McArdle at the University of Southern California The Cognitive Economics Project is funded by the National Institute on Aging, grant NIA P01 AG026571.	http://ebp-projects.isr.umich.edu/CogEcon/survey.s.html http://ebp-projects.isr.umich.edu/CogEcon/index.html

Continued on the next page

Appendix V continued

Summary of Sources and Permissions Used to Obtain Financial Literacy Questions for Dissertation Study (continued)

#	Survey*	Researcher/ Author(s)	Year	Permission	URL Reference
10	NFCS	Lusardi (2011)	2009	The National Financial Capability Study (NFCS) was funded by the FINRA Investor Education Foundation and conducted by Applied Research and Consulting.	The National Financial Capability Study (NFCS) was funded by the FINRA Investor Education Foundation
11	WBG	World Bank (2009)	2009	Financial support for work provided by United States Agency for Interanational Development (USAID)	http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTFINANCIALSECTOR/0,,contentMDK:22766495~pagePK:148956~piPK:216618~theSitePK:282885,00.html
12	FLAT	Finke & Huston (2014)	2011	Email sent 5-2-2015 Response received 5-28-2015	
13	OECD	Atkinson & Messy (2011)	2012	OECD account allows to access-Account info attached	

Continued on next page

Appendix V continued

Summary of Sources and Permissions Used to Obtain Financial Literacy Questions for Dissertation Study (continued)

#	Survey*	Researcher/ Author(s)	Year	Permission	URL Reference
14	USIS	Alhenawi & Elkhal (2013)	2013	Email sent 5-2-2015 Response received 5-2-2015	

*Acronym defined in table below.

Appendix V continued

Key to Pool of Financial Literacy Questions Source Codes: Source, Number of Questions (n), and References

Code	Source	<i>n</i>	Reference
ALP	Survey--American Life Panel	23	Lusardi & Mitchell, 2007; RAND American Life Panel, 2014
CogE	Cognitive Economics Journal Article	24	Hsu, 2011
CV	Journal Article	31	Chen & Volpe, 1998
DHS	Survey—De Nederlandsche Bank Household Survey	16	van Rooij, Lusardi, & Alessie, 2005
FH	Journal Article	16	Finke & Huston, 2014
FLN	Journal Article	13	Fernande, Lynch, & Netemeyer, 2014
HHB	Journal Article	28	Hilgert, Hogarth, & Beverly, 2003
HRS	Survey--Health and Retirement Study	3	Agnew, 2013; Beckmann, 2013; Gale & Levine, 2010; Lusardi, 2012; Lusardi & Mitchell, 2008, 2011; Lusardi, Mitchell, & Curto, 2010
J\$	Jump\$start	31	JumpStart Coalition, 2007; Mandell, 2006, 2008; Mandell & Klein, 2007, 2009
K1	Journal Article	20	Knolls & Houts, 2012
K2	Journal Article	6	Kunovskaya et al., 2014
NFCS	Survey--National Financial Capabilities Survey	5	Bumcrot et al., 2013; Fernandes et al., 2014; Hastings, Madrian, & Skimmyhorn, 2012; Lachance, 2014; Lusardi, 2011; Mottola, 2013; Nicolini et al., 2013; Scheresberg, 2013; Simms, 2014

Continued on the next page


Appendix V continued

Key to Pool of Financial Literacy Questions Source Codes: Source, Number of Questions (n), and References (continued)

Code	Source	<i>n</i>	Reference
OEDC	Survey--Organization for Economic Co-operation and Development	8	Atkinson & Massey, 2011
TNS	Survey--Taylor, Nelson, Sofres Global Survey	3	Lusardi & Tufano, 2009
USIS	University of Southern Indiana Study	7	Alhenawi & Elkhal, 2013
VCP	Journal Article	10	Volpe et al., 1996
WBG	Survey--World Bank Group	4	World Bank, 2009

Appendix V continued

Email Communication for Permission from Dr. H. Chen



Pearl Para <pearlpara@gmail.com>

Fwd: Please forward to Dean Haiyang Chen: Permission to use financial literacy assessment questions
1 message

Pearl Para <pjdahmen@mail.usf.edu> Wed, Jan 27, 2016 at 10:17 AM
To: Pearl Para <pearlpara@gmail.com>

----- Forwarded message -----
From: **Chen, Haiyang** <chenha@marshall.edu>
Date: Sun, May 31, 2015 at 5:29 PM
Subject: Re: Please forward to Dean Haiyang Chen: Permission to use financial literacy assessment questions
To: Pearl Para <pjdahmen@mail.usf.edu>

Dear Pearl,

Thank you for your interest in our work. You can use the survey.

Haiyang

From: Pearl Para <pjdahmen@mail.usf.edu>
Sent: Sunday, May 31, 2015 2:52 PM
To: Chen, Haiyang
Subject: Fwd: Please forward to Dean Haiyang Chen: Permission to use financial literacy assessment questions

Dr. Chen,

Thank you for speaking with me last Thursday regarding permission to use the financial literacy questions from your 1998 article "An Analysis of Personal Financial Literacy Among College Students".

This email is to confirm our conversation. Please replay so that I am have evidence for my dissertation committee.

Again, thank you.

Pearl Dahmen Para
941-962-1211

----- Forwarded message -----
From: Pearl Para <pjdahmen@mail.usf.edu<mailto:pjdahmen@mail.usf.edu>>
Date: Fri, May 8, 2015 at 10:36 AM
Subject: Please forward to Dean Haiyang Chen: Permission to use financial literacy assessment questions
To: bittinger@marshall.edu<mailto:bittinger@marshall.edu>

Dr. Chen,

I am writing to request permission to include the financial literacy

Continued on next page

Appendix V continued

Email Communication for Permission from Dr. H. Chen (continued)

assessment questions developed for the 1998 *Financial Services Review *article *An Analysis of Personal Financial Literacy Among College Students *as part of a pool of questions, which will be used to develop an instrument for my research focusing on the financial literacy continuing education needs of small business owners in Florida.

As a PhD candidate at the University of South Florida (Tampa, FL) pursuing dissertation, I plan to develop the instrument for my research from questions tested in previous research. The permission I am seeking is to include these questions in a pool of questions from several surveys. After thorough review and evaluation processes, if questions are retained for the final instrument, permission will include using the questions as part of the final survey.

If you would like further information regarding my research, please feel free to contact me via email or phone ([941-962-1211](tel:941-962-1211)<tel:%28941-962-1211>). I will also be happy to share the results of my research once it has been completed. Let me know if you have an interest hearing from me when my research is completed.


Thank you in advance for your consideration in this matter and response to this email.

Best regards,

Pearl Dahmen Para
PhD Candidate
University of South Florida
Tampa, FL
[941-962-1211](tel:941-962-1211)<tel:941-962-1211>

Appendix V continued

Email Communication for Permission from Dr. S. Huston

Pearl Para <pearlpara@gmail.com>

Fwd: Permission to use (Financial Literacy Assessment Test) FLAT questions in dissertation research
1 message

Pearl Para <pjdahmen@mail.usf.edu>
To: Pearl Para <pearlpara@gmail.com>

Wed, Jan 27, 2016 at 10:19 AM

----- Forwarded message -----
From: **Pearl Para** <pjdahmen@mail.usf.edu>
Date: Sun, May 31, 2015 at 2:47 PM
Subject: Re: Permission to use (Financial Literacy Assessment Test) FLAT questions in dissertation research
To: "Huston, Sandra" <sandra.huston@ttu.edu>

Thank you.

On Thu, May 28, 2015 at 1:53 PM, Huston, Sandra <sandra.huston@ttu.edu> wrote:
Yes, I think this would be fine.

Sent from my iPhone

On May 28, 2015, at 7:32 AM, "Pearl Para" <pjdahmen@mail.usf.edu> wrote:

----- Forwarded message -----
From: **Pearl Para** <pjdahmen@mail.usf.edu>
Date: Fri, May 8, 2015 at 9:36 AM
Subject: Permission to use (Financial Literacy Assessment Test) FLAT questions in dissertation research
To: sandra.huston@ttu.edu, michael.finke@ttu.edu, vickie.hampton@ttu.edu

Hello,

I am writing to request permission to include the FLAT (Financial Literacy Assessment Test) questions developed in the Texas Tech University Financial Literacy Assessment Project in 2011 as part of a pool of questions that will be used to develop an instrument for my research focusing on the financial literacy continuing education needs of small business owners in Florida.

As a PhD candidate at the University of South Florida (Tampa, FL) pursuing dissertation, I plan to develop the instrument for my research from questions tested in previous research. The permission I am seeking is to include the FLAT questions in a pool of questions from several surveys. After thorough review and evaluation processes, if questions are retained for the final instrument, permission will include using the questions as part of the final survey.

If you would like further information regarding my research, please feel free to contact me via

Continued on next page

Appendix V continued

Email Communication for Permission from Dr. S. Huston (continued)

email or phone ([941-962-1211](tel:941-962-1211)). I will also be happy to share the results of my research once it has been completed. Let me know if you have an interest hearing from me when the research is complete.

Thank you in advance for your consideration in this matter and response to this email.

Best regards,

Pearl Dahmen Para

PhD Candidate


University of South Florida

Tampa, FL

[941-962-1211](tel:941-962-1211)

Appendix V continued

Email Communication for Permission from Dr. Alhenawi

Pearl Para <pearlpara@gmail.com>

Fwd: Permission to use financial literacy assessment questions
1 message

Pearl Para <pjdahmen@mail.usf.edu> Wed, Jan 27, 2016 at 10:20 AM
To: Pearl Para <pearlpara@gmail.com>

----- Forwarded message -----
From: **Pearl Para** <pjdahmen@mail.usf.edu>
Date: Sun, May 3, 2015 at 2:14 PM
Subject: Re: Permission to use financial literacy assessment questions
To: "Alhenawi, Yasser" <ya22@evansville.edu>

Dr. Alhenawi,
Thank you.
Pearl Para

On Sat, May 2, 2015 at 9:08 PM, Alhenawi, Yasser <ya22@evansville.edu> wrote:

Pearl-

You may employ the questions in our paper as long as you use proper reference and citation.

Dr. Alhenawi

From: Pearl Para <pjdahmen@mail.usf.edu>
Sent: Saturday, May 2, 2015 4:44 PM
To: Alhenawi, Yasser; kelkhal@usi.edu
Subject: Permission to use financial literacy assessment questions

I am writing to request permission to include the financial literacy assessment questions developed for the 2013 Financial Services Review article Financial Literacy of U. S. Households: Knowledge vs. Long- term Financial Planning as part of a pool of questions, which will be used to develop an instrument for my research focusing on the financial literacy continuing education needs of small business owners in Florida.

Continued on next page

Appendix V continued

Email Communication for Permission from Dr. Alhenawi (continued)

As a PhD candidate at the University of South Florida (Tampa, FL) pursuing dissertation, I plan to develop the instrument for my research from questions tested in previous research. The permission I am seeking is to include these questions in a pool of questions from several surveys. After thorough review and evaluation processes, if questions are retained for the final instrument, permission will include using the questions as part of the final survey.

If you would like further information regarding my research, please feel free to contact me via email or phone ([941-962-1211](tel:941-962-1211)). I will also be happy to share the results of my research once it has been completed. Let me know if you have an interest hearing from me at that time.

Thank you in advance for your consideration in this matter and response to this email.

Best regards,

Pearl Dahmen Para

PhD Candidate

University of South Florida

Tampa, FL

[941-962-1211](tel:941-962-1211)

About the Author

Earning her undergraduate degree in accounting at the University of Dayton in Ohio, Pearl J. Dahmen has been a Certified Public Accountant for over 35 years. Pearl entered the University of South Florida's graduate program in 2009, completing her M.A. in Adult Education. With a passion for learning and teaching, she entered the University of South Florida adult education Ph.D. program in 2011.

For nearly two decades, as owner of the small business Pearl Financial Services, Pearl was dedicated to supporting and consulting small business owners. After selling her business, Pearl became a certified consultant for the Small Business Development Center at the University of South Florida. Her experiences working with small business owners and observing their need for improved financial literacy skills inspired this research.

Presently, Pearl is employed by Vertex, Inc., a tax software company, where in addition to her technical responsibilities, she develops and delivers adult learning for workshops, conferences, webinars, and eLearning.