

Monthly Survey 12

DM001 WHO RESPONSIBLE HOUSEHOLD FINANCES

Who in your family is primarily responsible for handling your household's finances (such as investments in the stock market)?

- 1 Me
- 2 My husband/wife/partner
- 3 My child
- 4 Another family member
- 5 Investment manager
- 6 Financial advisor
- 7 Stock broker
- 8 Accountant
- 9 Other

DM002 HOUSEHOLD HAVE SHARES OF STOCK

Does your household now or did your household ever have any shares of stock or stock mutual funds?

- 1 Yes
- 2 No
- 3 Don't know

DM003 HOUSEHOLD HAVE CORPORATE BONDS

Does your household now or did your household ever have any corporate, municipal, or foreign bonds, or bond funds? (Note that this does not include U.S. government savings bonds or Treasury bills.)

- 1 Yes
- 2 No
- 3 Don't know

DM004 PREPARED TO TAKE RISKS

Are you generally a person who is fully prepared to take risks, or do you try to avoid taking risks? Please enter a number between 1 and 10, where 1 means 'unwilling to take risks' and 10 means 'fully prepared to take risks.'

DM005 UNDERSTAND STOCK MARKET WELL

Now we would like to ask you how much you agree or disagree with certain statements about yourself. Please answer the following as honestly as you can.

I understand the stock market reasonably well.

- 1 Strongly agree
- 2 Agree
- 3 Slightly agree
- 4 Slightly disagree
- 5 Disagree
- 6 Strongly disagree

DM006 THINK ABOUT OR FOLLOW STOCK MARKET

I like to think about or follow the stock market.

- 1 Strongly agree
- 2 Agree
- 3 Slightly agree
- 4 Slightly disagree
- 5 Disagree
- 6 Strongly disagree

DM007 STOCK MARKET DOES NOT CONFUSE

The stock market does not confuse me.

- 1 Strongly agree
- 2 Agree
- 3 Slightly agree
- 4 Slightly disagree
- 5 Disagree

6 Strongly disagree

IF LEFT OR RIGHT TEMPLATE NUMBER = 2 THEN

TFIntro_a TFQ INTRO A

In the following questions, we will give you a series of statements about financial matters. We would like to know whether, in your opinion, each statement is generally true or generally false and how strongly you believe this to be the case. The way you answer these questions is different than you are used to. An example of a true-false statement is listed below: Example Statement: A savings bank never offers a checking account. Surely False

Guess False

Guess True

Surely True 100%90%80%70%60%50% 50%60%70%80%90%100%
If you think that this statement is most likely to be true, please choose a number from the true area of the space above. If you think that the statement is surely true choose 100%. If you think it is only 60% likely to be true, please choose 60% on the true side. Similarly, if you think that this statement is most likely to be false, please choose a number from the false area of the space above. If you think that the statement is surely false choose 100%. If you think it is only 70% likely to be false, please choose 70% on the false side. If you are completely unsure and have 'no idea' whether the statement is true or false, please make your best possible guess and mark whether you would like to guess true with 50% confidence or guess false with 50% confidence.

ELSE

TFIntro_b TFQ INTRO B

In the following questions, we will give you a series of statements about financial matters. We would like to know whether, in your opinion, each statement is generally true or generally false and how strongly you believe this to be the case. The way you answer these questions is different than you are used to. An example of a true-false statement is listed below: Example Statement: A savings bank never offers a checking account. Surely True

Guess True

Guess False

Surely False 100%90%80%70%60%50% 50%60%70%80%90%100%

If you think that this statement is most likely to be true, please choose a number from the true area of the space above. If you think that the statement is surely true choose 100%. If you think it is only 60% likely to be true, please choose 60% on the true side. Similarly, if you think that this statement is most likely to be false, please choose a number from the false area of the space above. If you think that the statement is surely false choose 100%. If you think it is only 70% likely to be false, please choose 70% on the false side. If you are completely unsure and have 'no idea' whether the statement is true or false, please make your best possible guess and mark whether you would like to guess true with 50% confidence or guess false with 50% confidence.

ENDIF

[Randomly pick a T or F question for each of the pairs below]

QFT1T

An Annual Percentage Rate (APR) is an overall measure of the interest rate defined by government regulations intended to protect consumers from being misled by corporations.

QFT1F

An Annual Percentage Rate (APR) is an intentionally deceptive measure of the interest rate designed by corporations for marketing purposes.

QFT2T

Refinancing your home mortgage results in added fees and / or points.

QFT2F

Refinancing your home mortgage does not result in added fees and / or points.

QFT3T

Among stocks, investing in only one type, such as technology stocks, does not make sense.

QFT3F

Among stocks, investing in only one type, such as technology stocks, makes sense.

QFT4T

A checking account normally earns a lower rate of return than other types of investments purchased from a bank.

QFT4F

A checking account normally earns a higher rate of return than other types of investments purchased from a bank.

QFT5T

Normally, for a retired person, it is not desirable to buy both an annuity and term life insurance.

QFT5F

Normally, for a retired person, it is desirable to buy both an annuity and term life insurance.

QFT6T

The saying "don't put all of your eggs in one basket" expresses the principle of diversification.

QFT6F

The saying "buy on the rumor, sell on the news" expresses the principle of diversification.

QFT7T

Investing in stocks of two companies in the same industry is riskier than investing in stocks of two companies in different industries.

QFT7F

Investing in stocks of two companies in the same industry is safer than investing in stocks of two companies in different industries.

QFT8T

Banks are not a very good place to look for retirement investment products.

QFT8F

Banks are an especially good place to look for retirement investment products.

QFT9T

To make money in the stock market, you should not buy and sell stocks too often.

QFT9F

To make money in the stock market, you have to buy and sell stocks often.

QFT10T

It is a good idea to own stocks of foreign companies.

QFT10F

It is best to avoid owning stocks of foreign companies.

QFT11T

The more you diversify among stocks, the more of your money you can invest in stocks.

QFT11F

The more you diversify among stocks, the less of your money you should invest in stocks.

QFT12T

Even if you are smart, it is hard to pick individual company stocks that will have better than average returns.

QFT12F

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

QFT13T

It is important to take a look at your investments periodically to see if you need to make changes.

QFT13F

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.

QFT14T

Investing in both stocks and other assets, such as bonds or real estate, at the same time is wise.

QFT14F

Investing in both stocks and other assets, such as bonds or real estate, at the same time is unwise.

QFT15T

Your friend Lisa inherited \$10,000 today and her brother, Robert, will inherit \$10,000 three years from now. Lisa's inheritance is more valuable than Robert's.

QFT15F

Your friend Lisa inherited \$10,000 today and her brother, Robert, will inherit \$10,000 three years from now. Lisa's inheritance and Robert's inheritance are essentially of equal value.

QFT16T

Some mutual funds charge investors much higher annual fees than other, similar mutual funds.

QFT16F

Mutual funds all charge investors about the same annual percentage as a fee to participate in their funds.

QFT17T

Your willingness to take risks has little bearing on how often you should trade stocks.

QFT17F

The higher your willingness to take risks, the more frequently you should trade stocks.

QFT18T

The investment with the highest expected return is likely to be too risky to invest in heavily.

QFT18F

You should always invest in the asset with the highest expected return, regardless of its risk.

QFT19T

If the U.S. stock market and the European stock market tend to go up and down at different times, then if you are holding American stocks, it is good to own some European stocks as well.

QFT19F

If the U.S. stock market and the European stock market tend to go up and down at different times, then if you are holding American stocks, it is not good to hold any European stocks.

QFT20T

In saving for retirement, it is a good idea to hold stocks or stock mutual funds as well as other investments.

QFT20F

In saving for retirement, it is a good idea to avoid investing in stocks or stock mutual funds.

QFT21T

If your income doubles in the next ten years and prices of all goods also double, then you will still be able to buy the same amount of goods in ten years that you can buy today.

QFT21F

If your income doubles in the next ten years and prices of all goods also double, then you will be able to buy fewer goods in ten years than you can buy today.

QFT22T

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

QFT22F

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

QFT23T

If interest rates fall sharply, it makes sense to refinance your fixed-rate mortgage.

QFT23F

If interest rates fall sharply, it does not make sense to refinance your fixed-rate mortgage.

QFT24T

When an investor spreads money between 20 stocks, rather than 2, the risk of losing a lot of money decreases.

QFT24F

When an investor spreads money between 20 stocks, rather than 2, the risk of losing a lot of money increases.

QFT25T

Taxes affect how you should invest your money.

QFT25F

Taxes do not affect how you should invest your money.

QFT26T

Young people should hold somewhat riskier financial investments than older people.

QFT26F

Older people should hold somewhat riskier financial investments than young people.

QFT27T

It is easy to find mutual funds that have annual fees of less than one percent of assets.

QFT27F

It is hard to find mutual funds that have annual fees of less than one percent of assets.

QFT28T

An annuity for a specific person pays that person money every year while they are alive, but stops paying money once they are dead.

QFT28F

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

QFT29T

In 401(k) programs for retirement investment, the default or automatic enrollment option is usually not the best choice.

QFT29F

In 401(k) programs for retirement investment, the default or automatic enrollment option is usually the best choice.

QFT30T

Even older retired people should hold some stocks.

QFT30F

Older retired people should not hold any stocks.

QFT31T

If the interest rate on your savings account is 1% per year and inflation is 2% per year, after one year, you will be able to buy less with the money in this account than you are able to buy today.

QFT31F

If the interest rate on your savings account is 1% per year and inflation is 2% per year, after one year, you will be able to buy more with the money in this account than you are able to buy today.

QFT32T

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.

QFT32F

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.

QFT33T

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

QFT33F

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

QFT34T

The safest investment you can find is likely to be an unattractive investment because it has a very low return.

QFT34F

You should put all your money into the safest investment you can find and accept whatever rate of return it pays.

QFT35T

You cannot make a good judgment whether you should buy or sell a stock by reading about the company online.

QFT35F

You can make a good judgment whether you should buy or sell a stock by reading about the company online.

QFT36T

For the same total household income, couples in which one spouse stays at home need more life insurance than couples in which both spouses work outside the home.

QFT36F

For the same total household income, couples in which both spouses work outside the home need more life insurance than couples in which one spouse stays at home.

QFT37T

Even though they talk to lots of people, taxi cab drivers, barbers, and bartenders do not have particularly good advice about which stocks to buy.

QFT37F

Because they talk to lots of people, taxi cab drivers, barbers, and bartenders give good advice about which stocks to buy.

QFT38T

Unless they have special knowledge, it's a good idea for working people to stay out of the stocks of companies in the industry in which they work.

QFT38F

Even if they don't have any special knowledge, it's a good idea for working people to invest in stocks of companies in their own industry.

QFT39T

Investing all of your money in one stock is usually riskier than investing half of your money in each of two stocks.

QFT39F

Investing half of your money in each of two stocks is usually riskier than investing all of your money in one stock.

QFT40T

Mutual funds do not pay a guaranteed rate of return.

QFT40F

Mutual funds pay a guaranteed rate of return.

QFT41T

Of stocks that go down significantly, most will tend to still be down two years later.

QFT41F

If a stock's price is down significantly, it will usually come back up to its former level in a year or two.

QFT42T

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.

QFT42F

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.

QFT43T

When you use your home as collateral for a loan, there is a chance of losing your home.

QFT43F

When you use your home as collateral for a loan, there is no chance of losing your home.

QFT44T

If you have \$100 in a savings account, the interest rate is 10% per year and you never withdraw money or interest payments, after 10 years you will have more than \$200 in this account in total.

QFT44F

If you have \$100 in a savings account, the interest rate is 10% per year and you never withdraw money or interest payments, after 10 years you will have exactly \$200 in this account in total.

QFT45T

Generally, you cannot trust a stockbroker to have your best interest at heart.

QFT45F

Generally, you can trust a stockbroker to have your best interest at heart.

QFT46T

Buying a stock that moves opposite the rest of your investments is safer than buying a stock that goes up when your other investments go up and down when your other investments go down.

QFT46F

Buying a stock that moves opposite the rest of your investments is riskier than buying a stock that goes up when your other investments go up and down when they go down.

QFT47T

Suppose you borrow \$100,000 to buy a house using a 30-year fixed-rate mortgage at a 6% annual interest rate. At the beginning, more of your monthly payment goes to paying interest than to paying off principal.

QFT47F

Suppose you borrow \$100,000 to buy a house using a 30-year fixed-rate mortgage at a 6% annual interest rate. At the beginning, more of your monthly payment goes to paying principal than to paying off interest.

QFT48T

The stock market has no particular tendency to rise in the summer and fall in the winter.

QFT48F

The stock market usually rises in the summer and falls in the winter.

QFT49T

If the interest rate falls, bond prices will rise.

QFT49F

If the interest rate falls, bond prices will fall.

QFT50T

Financially, investing in the stock market is better than buying lottery tickets.

QFT50F

Financially, investing in the stock market is no better than buying lottery tickets.

QFT51T

Using money in a bank savings account to pay off credit card debt is usually a good idea.

QFT51F

Using money in a bank savings account to pay off credit card debt is usually a bad idea.

QFT52T

It is possible to invest in the stock market in a way that makes it hard for people to take unfair advantage of you.

QFT52F

There is no way to avoid people taking advantage of you if you try to invest in the stock market.

QFT53T

It is hard to predict when the stock market will rise or fall.

QFT53F

It is easy to predict when the stock market will rise or fall.

QFT54T

You cannot beat the market by buying the stocks suggested by even the best TV financial programs.

QFT54F

You can beat the market by buying the stocks suggested by the best TV financial programs.

QFT55T

If a stock's price goes up in one year, it has no particular tendency to come back down the next year.

QFT55F

If a stock's price goes up in one year, it will tend to come back down the next year.

QFT56T

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).

QFT56F

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).

QFT57T

The earlier in life that you invest, the better off you will be financially.

QFT57F

People who start investing later in life do just as well financially as people who start investing earlier in life.

QFT58T

You could save money in interest costs by choosing a 15-year rather than a 30-year mortgage.

QFT58F

You could save money in interest costs by choosing a 30-year rather than a 15-year mortgage.

QFT59T

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.

QFT59F

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.

QFT60T

The total amount a typical American worker earns over a lifetime is more than \$500,000.

QFT60F

The total amount a typical American worker earns over a lifetime is less than \$500,000.

QFT61T

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

QFT61F

A mutual fund combines the money of many investors to buy stock in a single company, not many companies.

QFT62T

You should invest in either mutual funds or a large number of different stocks instead of just a few stocks.

QFT62F

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.

QFT63T

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.

QFT63F

An employee of a company with publicly traded stock should have a lot of his or her retirement savings in the company's stock.

QFT64T

You should only buy an annuity if it pays a higher interest rate than the interest rate on a long-term bond.

QFT64F

The rate an annuity pays will typically be lower than the interest rate on a long-term bond.

QFT65T

Taxes are more likely to hit an investor who trades frequently than an investor who rarely buys and sells stocks.

QFT65F

Taxes are more likely to hit an investor who rarely buys and sells stocks than an investor who trades frequently.

QFT66T

If you are saving for a purchase two years from now, a CD (Certificate of Deposit) will give you a better interest rate than a savings account.

QFT66F

If you are saving for a purchase two years from now, a savings account will give you a better interest rate than a CD (Certificate of Deposit).

QFT67T

If you have to sell one of your stocks you should sell one that has gone down in price rather than one which has gone up.

QFT67F

If you have to sell one of your stocks you should sell one that has gone up in price rather than one which has gone down.

QFT68T

Suppose you purchase an appliance that retails for \$1,000 with equal monthly payments of \$100 per month for 12 months. The total payments add to \$1,200. Then the effective interest rate you have paid is higher than 20% per year.

QFT68F

Suppose you purchase an appliance that retails for \$1,000 with equal monthly payments of \$100 per month for 12 months. The total payments add to \$1,200. Then the effective interest rate you have paid is about 20% per year.

QFT69T

Stocks are normally riskier than bonds.

QFT69F

Bonds are normally riskier than stocks.

QFT70T

If you have a taxable account and a non-taxable account, you should hold tax-exempt municipal bonds in your taxable account.

QFT70F

If you have a taxable account and a non-taxable account, you should hold tax-exempt municipal bonds in your non-taxable account.

CS_001 HOW PLEASANT INTERVIEW

Could you tell us how interesting or uninteresting you found the questions in this interview?

1. Very interesting
2. Interesting
3. Neither interesting nor uninteresting
4. Uninteresting
5. Very uninteresting

CS_002 COMPLETED ON PHONE

Would you have completed this interview if it had been conducted on the phone?

- 1 Yes
- 2 No

CS_003 COMMENTS

Do you have any other comments on the interview? Please type these in the box below.
Memo