Well Being 182

survey_intro intro to survey
Today we would like to ask you some questions about financial decision making. You may have previously answered a number of questions that you will be asked today. Please answer all the questions you are asked to the best of your ability, even if you have seen them before. We are very interested in your responses, as some of your information and perceptions may have changed. Thank you!

CI1 self-efficacy about interest rates
When making decisions about personal finances, how likely is it that you would be able to effectively take into account the impact of interest compounding?
1 Extremely likely
2 Very likely
3 Somewhat likely
4 Very unlikely
5 Extremely unlikely

CI2 knowledge of interest on interest
Suppose you put $1,000 in an account that earns 5% interest per year, every year. You never invest additional money and you never withdraw money or interest payments. So in the first year, you earn $50 in interest. In Year 4, how much will this account earn?
1 Less than $50
2 $50
3 More than $50
4 Don't know

CI3 knowledge of 7 and 10 rule
Suppose you invest $2,500 and earn 7% per year on this investment. How many years will it take for your total investment to be worth $5,000?
1 Between 0 and 5 years
2 Between 5 and 15 years
3 Between 15 and 45 years
4 More than 45 years
5 Don't know

CI4 behavior regarding earning over time
Consider the following scenario: Jack and Jill are twins. At the age of 20, Jack started contributing $20 a month to a savings account. After 20 years, at the age of 40, he stopped adding to his savings, but he left the money in the account. Jill didn't start to save until she was 40. Then, she saved $20 a month until she retired 20 years later at age 60. Suppose both Jack and Jill earned 6% interest per year on their savings. When they both retired at age 60, who had more money?
1 Jack
2 Jill
3 They had the same amount
4 Don't know

CI5 behavior regarding earning interest on interest
Pam is deciding between 2 options: Option A: - Invest $1,000 in a certificate of deposit that earns 5% interest. - Pam would not add or remove any money from this investment for the next 30 years. Option B: - Invest $1,000 in a savings account that earns 5% interest.- Move the interest earned on this account every year into a safe at home.- Pam would not add or remove any other money from

the savings account or the safe for the next 30 years. At the end of 30 years, which of these options would provide the most money?
1 Option A
2 Option B
3 Pam will have the same amount of money at the end of 30 years regardless of whether she chooses Option A or Option B.
4 Don't know

I1 self-efficacy about inflation
When making decisions about personal finances, how likely is it that you would be able to effectively take into account the impact of inflation?
1 Extremely likely
2 Very likely
3 Somewhat likely
4 Very unlikely
5 Extremely unlikely

I2 knowledge of inflation
Suppose that by the year 2020 your income has doubled and prices of all goods have doubled too. In 2020, how much will you be able to buy with your 2020 income?
1 More than today
2 The same amount as today
3 Less than today
4 Don't know

I3 behavior regarding inflation
Rita must choose between two job offers. She wants to select the job with a salary that will afford her the higher standard of living for the next few years. Job A offers a 3% raise every year, while Job B will not provide a raise for the next few years. If Rita chooses Job A, she will live in City A. If Rita chooses Job B, she will live in City B. Rita finds that the price of goods and services today are about the same in both areas. Prices are expected to rise, however, by 4% in City A every year, and stay the same in City B. Based on her concerns about standard of living, what should Rita do?
1 Take Job A
2 Take Job B
3 Take either one: she will be able to afford the same future standard of living in both places
4 Don't know

RD1 self-efficacy about risk diversification
When making decisions about personal finances, how likely is it that you would be able to effectively select a mix of investments that reflected your preferred level of risk?
1 Extremely likely
2 Very likely
3 Somewhat likely
4 Very unlikely
5 Extremely unlikely

RD2 knowledge of relationship between risk and return
In general, investments that are riskier tend to provide higher returns over time than investments with less risk.
1 True
2 False
3 Don't know

RD3 knowledge of risk diversification
Which of the following is an accurate statement about investment returns?
1 Usually, investing $5,000 in shares of a single company **is safer** than investing $5,000 in a fund which invests in shares of many companies in multiple industries.
2 Usually, investing $5,000 in shares of a single company **is less safe** than investing $5,000 in a fund which invests in shares of many companies in different industries.
3 Usually, investing $5,000 in shares of a single company **is equally as safe** as investing $5,000 in a fund which invests in shares of many companies in different industries.
4 Don't know

RD4 behavior regarding risk diversification
Suppose you are a member of a stock investment club. This year, the club has about $200,000 to invest in stocks and the members prefer not to take a lot of risk. Which of the following strategies would you recommend to your fellow members?
1 Put all of the money in one stock
2 Put all of the money in two stocks
3 Put all of the money in a stock indexed fund that tracks the behavior of 500 large firms in the United States
4 Don't know

TF1 self-efficacy about tax-favored assets
When making decisions about personal finances, how likely is it that you would be able to effectively take advantage of tax-favored investment options available to you?
1 Extremely likely
2 Very likely
3 Somewhat likely
4 Very unlikely
5 Extremely unlikely

TF2 knowledge of 401(k) taxes
When you invest in an employer's retirement savings plan such as a 401(k), your contributions are taxed:
1 Either before you invest them or when you withdraw them during retirement, but not both times.
2 Both before you invest them and when you withdraw them during retirement.
3 Once a year on or before April 15.
4 When you reach age 65.
5 Don't know

TF3 knowledge of employer independence
Both Irene and her employer contribute every year to her employer-sponsored 401(k) plan. Irene has worked at the company for twenty years, and is fully vested in her plan. Suppose Irene leaves her job or gets fired. Which of the following statements is true?
1 If she is no longer working for the company, the whole plan balance is forfeited, because her benefits are tied to her job.
2 If she gets fired, the company has the right to decide how much of her total plan balance she will get.
3 If she voluntarily leaves her job, she forfeits all of her employer's contributions.
4 Even if she leaves her job or gets fired, she is still entitled to the entire plan balance.
5 Don't know

TF4 knowledge of avoiding double taxation
Which of the following statements are true?
1 In any type of IRA or 401(k) account, all of the money in your account grows tax-free.
2 If you have a traditional IRA or 401(k), you make contributions out of pre-tax income and pay income tax at

your future tax rate when you withdraw the funds.
3 Both are true
4 Don't know

TF5 behavior regarding time and rate of taxation
This year, Marge's salary is $100,000 and she contributes $10,000 of her salary to a traditional 401(k) offered by her employer. Her current tax rate is 28%. In 40 years, when Marge retires, the money will have grown to $160,000. Her tax rate during retirement will fall to 20%. Which of the following is true?
1 This year, Marge should pay income taxes on her entire salary. During retirement, she will pay 20% tax on whatever she withdraws from her plan.
2 This year, Marge should pay income taxes on only $90,000. During retirement, she will pay the same deferred 28% tax rate on whatever she withdraws from her plan.
3 This year, Marge should pay income taxes on only $90,000. During retirement, she will pay 20% tax on whatever she withdraws from her plan.
4 This year, Marge should pay income taxes on only $90,000. During retirement, she will pay no tax on whatever she withdraws from her plan.
5 Don't know

TF6 behavior regarding assorted 401(k) attributes
Which of the following is a true statement?
1 You will lose money that you personally invested in your 401(k) if you switch jobs.
2 You will be charged income tax as well as tax on dividends and increases in the value of your stock if you invest through a 401(k).
3 Unless you are undergoing significant hardship, you cannot withdraw money from a 401(k) without penalty until you reach a certain age.
4 All of the above
5 Don't know

EM1 self-efficacy about employer match
When making decisions about personal finances, how likely is it that you would be able to effectively use information about employer 401(k) matches that was available to you?
1 Extremely likely
2 Very likely
3 Somewhat likely
4 Very unlikely
5 Extremely unlikely

EM2 knowledge of match return equivalent
Alice wants to invest $1,000 for retirement this year. Her new employer will fully match her 401(k) contributions, up to $10,000 per year. All else being equal, which of the following options will give Alice the highest total amount at the end of the year?
1 Alice contributes $1,000 to her 401(k) plan and invests that money in mutual fund A. At the end of the year, mutual fund A has earned a 5% return.
2 Alice does not contribute to her 401(k) plan but she invests $1,000 in mutual fund B outside of her 401(k) plan. At the end of the year, mutual fund B has earned a 20% return.
3 Alice does not contribute to her 401(k) plan, but she invests $1,000 in mutual fund A outside of her 401(k) plan. At the end of the year, mutual fund A has earned a 5% return.
4 Don't know

EM3 knowledge of match maximization
David's new job offers a 401(k). His employer provides a 50% match up to $2,000. How much should David invest at least in order to obtain the maximum amount of money from the employer match?

1 $0
2 $500
3 $1,000
4 $2,000
5 $4,000
6 Don't know

EM4 behavior regarding employer match
You have decided to set aside 15% of your salary for retirement. You work at a firm where your employer matches your contribution to the 401(k) plan, dollar by dollar, up to 5% of your salary. Which of these statements is correct?
1 If you contribute up to 5% of your salary, the employer match is equivalent to a 100% return on your contribution.
2 What the employer contributes should not play any role in your decision.
3 It is always a good idea to contribute less than what the employer contributes.
4 Don't know

LC1 expectancy/ locus of control
I believe the way I manage my money will affect my future.
1 Strongly agree
2 Agree
3 Slightly agree
4 Slightly disagree
5 Disagree
6 Strongly disagree

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