Evaluating a Financial Assessment Tool: The Financial Checkup

Alena C. Johnson

Follow this and additional works at: https://digitalcommons.usu.edu/etd

Part of the Social and Behavioral Sciences Commons

Recommended Citation

https://digitalcommons.usu.edu/etd/2539
EVALUATING A FINANCIAL ASSESSMENT TOOL:

THE FINANCIAL CHECKUP

by

Alena C. Johnson

A thesis submitted in partial fulfillment of the requirements for the degree of

MASTER OF SCIENCE

in

Human Environments
ABSTRACT

Evaluating a Financial Assessment Tool:

The Financial Checkup

by

Alena C. Johnson, Master of Science

Utah State University, 2001

Major Professor: Dr. Jean M. Lown
Department: Human Environments

The purpose of this study was to evaluate The Financial Checkup program. The program consisted of a booklet called The Financial Checkup and a 1-1½ hour workshop explaining the booklet. The booklet helps individuals evaluate their financial situation on an annual basis. It includes a net worth statement, an income and expense statement, financial ratios, a revolving savings worksheet, a retirement worksheet, a life insurance worksheet, a financial goals worksheet, and a budget worksheet. The Financial Checkup covers the topics of debt, savings, retirement, taxes, insurance, goals, and budgeting.

The stages of change model developed by James Prochaska was used to evaluate the financial situation of the participants. The model includes five stages that individuals advance through as they make behavior changes. The stages are precontemplation, contemplation, preparation, action, and maintenance.

The Financial Checkup helped individuals progress along the stages of change.
Twenty-nine percent of the individuals who participated in The Financial Checkup program advanced at least one stage compared to 21% of the control group. Seven percent of the treatment group regressed one or more stages compared to 17% of the control group.

The Financial Checkup program was especially effective in helping individuals complete and understand a net worth statement and an income and expense statement. On the posttest, all participants in the treatment group indicated that they knew what a net worth statement and an income and expense statement were. On the 3-month follow-up survey, 50% of the treatment group had completed a net worth statement and 63% had completed an income and expense statement.

The Financial Checkup program was most effective for helping participants advance along the stages of change and improve their financial situation in the area of debt. Of the treatment group participants, 51% indicated an improvement in stages for their debt situation. Other areas of substantial improvement were the areas of savings, taxes, homeowners insurance, retirement, and auto insurance.
ACKNOWLEDGMENTS

I would like to thank my major professor and mentor, Dr. Jean Lown, for all of her support and encouragement, and for helping me stretch and grow. She had more faith in my talents and abilities than I did. I would also like to thank my other committee members: Dr. Randy Jones for his encouragement and direction when it was greatly needed, and Dr. Barbara Rowe for many hours of reading and for sharing her expertise.

To the American Association of Family and Consumer Sciences I give my thanks for the student fellowship award that helped to fund my project. I would also like to thank Dean Bonita Wyse for her funding support through the College of Family Life.

Finally I give special thanks to my family. I express deep appreciation to my husband, Dr. Jeff Johnson, who was always there for me during the stressful times, who was very patient as I discussed ideas and concerns with him, and who always let me know that he knew I could accomplish this goal. I thank my husband and also my children for picking up the slack at home and carrying on so well when I could not be there. I also thank my parents for instilling in me a desire to succeed, the confidence that I could, and a shoulder to cry on when I thought I couldn’t. I would not have been able to finish this endeavor without all of them.

Alena C. Johnson
## CONTENTS

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSTRACT</td>
<td>iii</td>
</tr>
<tr>
<td>ACKNOWLEDGMENTS</td>
<td>v</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>viii</td>
</tr>
<tr>
<td>CHAPTER I. INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>Need for Study</td>
<td>3</td>
</tr>
<tr>
<td>The Financial Checkup</td>
<td>3</td>
</tr>
<tr>
<td>Conceptual Framework</td>
<td>4</td>
</tr>
<tr>
<td>Purpose and Research Questions</td>
<td>6</td>
</tr>
<tr>
<td>II. LITERATURE REVIEW</td>
<td>8</td>
</tr>
<tr>
<td>Overview</td>
<td>8</td>
</tr>
<tr>
<td>The Stages of Change</td>
<td>8</td>
</tr>
<tr>
<td>Financial Management Program Evaluation</td>
<td>14</td>
</tr>
<tr>
<td>Use in the Financial Field</td>
<td>18</td>
</tr>
<tr>
<td>Summary</td>
<td>19</td>
</tr>
<tr>
<td>III. METHODS</td>
<td>21</td>
</tr>
<tr>
<td>Sample</td>
<td>21</td>
</tr>
<tr>
<td>Procedures for Collecting Data</td>
<td>22</td>
</tr>
<tr>
<td>Measures</td>
<td>23</td>
</tr>
<tr>
<td>Proposed Data Analysis</td>
<td>29</td>
</tr>
<tr>
<td>IV. RESULTS</td>
<td>33</td>
</tr>
<tr>
<td>Research Questions</td>
<td>33</td>
</tr>
<tr>
<td>Summary of Findings</td>
<td>45</td>
</tr>
<tr>
<td>V. DISCUSSION</td>
<td>47</td>
</tr>
<tr>
<td>Limitations</td>
<td>48</td>
</tr>
</tbody>
</table>
Recommendations for Future Research ................. 49
Summary .................................................. 50

REFERENCES .................................................. 52

APPENDICES .................................................. 55

Appendix A  Informed Consent Form ......................... 56
Appendix B  Survey ............................................... 59
Appendix C  Verbal Instructions for Participants ............. 62
Appendix D  Workshop Outline ............................. 64
Appendix E  Institutional Review Board Approval .......... 69
Appendix F  Pilot Study Data .................................. 71
Appendix G  Additional Tables ............................. 74
<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Correlation Among the Stages of Change from Survey One and Survey Two on Topics from The Financial Checkup</td>
<td>25</td>
</tr>
<tr>
<td>2</td>
<td>Differences Between Survey One and Two for the Treatment Group</td>
<td>34</td>
</tr>
<tr>
<td>3</td>
<td>Completed a Net Worth Statement in the Last Year (in Percentages)</td>
<td>35</td>
</tr>
<tr>
<td>4</td>
<td>Completed an Income and Expense Statement in the Last Year (in Percentages)</td>
<td>36</td>
</tr>
<tr>
<td>5</td>
<td>Used a Budget in the Last Year (in Percentages)</td>
<td>36</td>
</tr>
<tr>
<td>6</td>
<td>Changes in Stages for All Topics (in Frequencies)</td>
<td>37</td>
</tr>
<tr>
<td>7</td>
<td>Percent Change in Stages Four and Five from Survey One to Survey Three by Age</td>
<td>39</td>
</tr>
<tr>
<td>8</td>
<td>Percent Change in Stages Four and Five from Survey One to Survey Three by Sex</td>
<td>40</td>
</tr>
<tr>
<td>9</td>
<td>Percent Change in Stage Four and Five from Survey One to Survey Three by Family Status</td>
<td>41</td>
</tr>
<tr>
<td>10</td>
<td>Percent Change in Stage Four and Five from Survey One to Survey Three by Education</td>
<td>42</td>
</tr>
<tr>
<td>11</td>
<td>Percent Change in Stage Four and Five from Survey One to Survey Three by Income</td>
<td>43</td>
</tr>
<tr>
<td>12</td>
<td>Differences Between Survey Two and Survey Three for the Treatment Group</td>
<td>44</td>
</tr>
<tr>
<td>13</td>
<td>Movement in Stage for All Participants’ Responses</td>
<td>45</td>
</tr>
<tr>
<td>14</td>
<td>Stage of Change (in Frequencies)</td>
<td>72</td>
</tr>
<tr>
<td>15</td>
<td>Net Worth Statement Completed in the Last Year (in Frequencies)</td>
<td>72</td>
</tr>
</tbody>
</table>
16 Income and Expense Statement Completed in the Last Year (in Frequencies) ................................................................. 73
17 Written Budget Completed in the Last Year (in Frequencies) ............................................................... 73
18 Difference Between Control Group and Treatment Group on Survey One ..................................... 75
19 Differences Between Survey One and Two for the Control Group ........................................... 76
20 Differences Between Survey One of Those in the Treatment Group That Returned Survey Three and Those That Did Not ........................................... 77
CHAPTER I
INTRODUCTION

Currently, in the United States, there are many areas of financial concern relating to individual and family financial management. Some of them are subprime lending, over-indebtedness, high personal bankruptcy rates, low personal savings rates, insufficient retirement funds, and insufficient medical, life, disability, auto and homeowners insurance.

The first of these issues, subprime lending, is increasingly common. The median annual income of credit cardholders fell $4,700 between 1989 and 1995 (Black & Morgan, 1999). In other words, credit is being extended to lower income individuals. These new lower income borrowers owe substantially more relative to income than did their counterparts in the late 1980s.

Along with subprime lending comes over-indebtedness. The ratio of total debt to income rose from 48% in 1989 to 55% in 1995, and the ratio of debt payments to income rose from 12% to 17% (Black & Morgan, 1999). With higher indebtedness, personal financial management becomes difficult during times of reduced income, even if the reductions are small.

Drops in income, along with higher debt levels, is one reason individuals file personal bankruptcy (Sullivan, Warren, & Westbrook, 2000). Personal bankruptcy filings in 1997 and 1998 rose to over 1.4 million, only to take a small dip in 1999 (Abiworld, 2000). Part of the problem also lies in low savings rates. Individuals cannot work their
way through cuts in income because they have no savings cushion. The U.S. savings rate fell to an historic low during the first half of 2000 (Kulish, 2000). The July 2000 savings rate was an all-time low of -0.2%. Consumers spent more than they earned. Also, many consumers are not saving for retirement. Fifty-six percent of American households are not saving enough for an adequate retirement and 59% of Americans expect that their standard of living will decrease in retirement (CFA, 2000).

Along with low savings rates, another financial concern may be a lack of medical insurance (Sullivan et al., 2000). According to Consumer Reports ("Second-Class Medicine," 2000) there are 44 million people across the country without health insurance. One fourth of bankruptcy filers identified an illness or injury as a reason for filing ("Second-Class Medicine").

Financial problems can also result from inadequate insurance for other types of risk. Auerback and Kotlikoff (1991) found that 25 to 30% of wives are inadequately insured with respect to the possible death of their husbands. However, more people are covered with life insurance than disability insurance. According to the Health Industry Association of America, roughly 70% of Americans have life insurance yet only 40% are covered by disability insurance (Marino, 2000), even though they are seven times more likely at age 22 to become disabled for at least 3 months than to die (Garman & Forgue, 2000).

Another type of insurance, homeowners insurance, may not protect individuals’ homes as much as they think. Some major insurance companies are no longer promising to pay whatever it takes to rebuild homes covered under their policies (Utah Retirement
Because more people are deliberately undervaluing their homes to keep premiums lower, some insurance companies are dropping guaranteed replacement cost coverage. Also, many homeowners do not have enough coverage because they have failed to increase their coverage when their home’s value increased due to inflation or remodeling.

Need for Study

With all of these concerns, individuals need to learn how to evaluate their own financial situation and identify areas that need improvement. O’Neill, Xiao, Bristow, Brennan, and Kerbel (2000) stated, “A challenge to financial educators is to create curricula that appeal to the interests and needs of learners” (p. 1). The Financial Checkup is a financial assessment tool that was created to do just that. It was designed to help individuals assess their current financial situation on an annual basis, identify areas of concern, create goals to address those concerns, and implement their goals through the use of a budget.

The Financial Checkup

The evaluation process from The Financial Checkup starts with a Net Worth Statement. A Net Worth Statement shows what is owned and what is owed. The difference between the two is net worth. The next part of The Financial Checkup is an Income and Expense Statement that shows how much money comes into and out of possession in one month’s time. From these two statements, individuals can calculate
financial ratios. These ratios, along with guidelines for the ratios, will help individuals evaluate their debt load and their savings relative to their income and assets. By comparing their own financial ratios to the guidelines, individuals will be able to set their own limits for debt and savings, which can help them avoid over-indebtedness and increase their savings.

Next, The Financial Checkup helps individuals evaluate savings. A worksheet is provided to calculate how much should be saved each month to cover irregular or infrequent expenses. A worksheet is also provided to calculate retirement needs.

The Financial Checkup also discusses insurance and provides guidelines for homeowners, renters, auto, life, health, and disability insurance. A life insurance worksheet is provided to help evaluate life insurance needs.

After individuals examine their Net Worth Statement, Income and Expense Statement, financial ratios, savings, retirement, and insurance, The Financial Checkup helps direct them to set goals based on the concerns they identify. These goals can then be incorporated into a monthly budget. By completing The Financial Checkup assessment annually, individuals will be able to identify areas that are problems or that may become problems. With this awareness they will be able to avoid many of the common financial problems affecting Americans today.

Conceptual Framework

The effectiveness of The Financial Checkup program can be evaluated in terms of the stages through which individuals progress in changing their financial behavior. The
stages of change model developed by Prochaska, DeClemente, and Norcross (1992) was used to evaluate the effectiveness of The Financial Checkup. Prochaska et al. found that individuals who want to modify addictive behaviors move through a series of stages. They labeled these stages precontemplation, contemplation, preparation, action, and maintenance. Following are brief descriptions of each of the five stages.

**Precontemplation**

In this stage, individuals are not aware they have a problem and have no current intention of changing. Other people may realize that the individual has a problem, but they themselves do not recognize or do not admit they have a problem. They do not feel the need to change.

**Contemplation**

In the contemplation stage, people are aware that they have a problem and are thinking about overcoming it but have not yet made any plans or committed to taking action. They know what they want to do but are not yet ready to do it. People may weigh the pros and cons of the problem and the solution to the problem while in this stage. Some people get caught in this stage and spend a great deal of time here.

**Preparation**

Individuals in this stage intend to take action within the next month. They begin heading toward a new direction and think more about changing their behavior.
Action

In this stage individuals commit the time and energy to change their behavior. They are considered to be in this stage if they have successfully altered their behavior for a period of from 1 day to 6 months.

Maintenance

This stage is a continuation of change where people work to prevent relapse. This stage may last from 6 months to a lifetime.

Prochaska et al. (1992) found that individuals rarely go through the stages and successfully maintain their gains on their first attempt. Instead of viewing this as regressing to the beginning of a linear model, Prochaska and associates see the model as a spiral. During a relapse, people go back to an earlier stage but are not likely to revert back to where they began. Then they will begin to move through the stages again to modify their behavior.

For this study, a survey was used to determine the stage of change participants were in before starting The Financial Checkup program, immediately after a workshop explaining the checkup, and approximately 3 months after the workshop.

Purpose and Research Questions

Individuals need to evaluate their personal financial situation to help prevent common financial problems. The Financial Checkup was developed to help individuals evaluate their financial situation. The purpose of this study was to evaluate The Financial
Checkup and determine if it helps advance individuals along the stages of change.

The following specific research questions were addressed in this study:

1. Did The Financial Checkup program help initiate change to a higher stage?
2. Was The Financial Checkup program more effective for people who began at one particular stage of change compared to participants who began in other stages? If so, which stage?
3. Did participants continue to change over time after completing The Financial Checkup program?

This study evaluates the effectiveness of The Financial Checkup. If shown to be effective, this financial management tool may help individuals avoid or overcome financial problems. Prior to conducting this study, a body of literature was examined to provide context to the study. The next chapter provides a summary of this literature.
CHAPTER II
LITERATURE REVIEW

Overview

Individuals can avoid many financial problems by evaluating their financial situation on an annual basis. The Financial Checkup was designed to help individuals evaluate their financial situation each year, find areas of concern, and manage those concerns through setting goals and budgeting. The purpose of this study was to evaluate The Financial Checkup and determine if it helps advance individuals along a pre-described stages of change model. This chapter summarizes literature regarding the stages of change model, evaluation of financial management tools, and how to combine the stages of change with financial management.

The Stages of Change

Description

Prochaska et al. (1992) have dedicated years of research to determining how people change their behavior on their own or with professional help. They studied intentional change, not societal, developmental, or imposed change. Prochaska et al. found that individuals who modify addictive behaviors move through a series of stages. The researchers labeled these stages precontemplation, contemplation, preparation, action, and maintenance. An individual in the precontemplation stage has no intention of changing his or her behavior in the foreseeable future and may not even be aware a
problem exists. In the contemplation stage they are aware that a problem exists and are thinking about taking action but have not committed to action. Someone in the preparation stage intends to take action within the next month. In the action stage, individuals are actually changing their behavior, and the maintenance stage is reached when they are continuing action and working to prevent relapse.

Use with Smoking Cessation

The stages of change model was first used with smoking cessation. Prochaska et al. (1992) found that “the amount of success smokers reported after treatment was directly related to the stage they were in before treatment” (p. 1105). Many treatment programs treat all individuals the same, as if they were ready to take action. Instead, it may be better to look at the stage the person is in at the beginning and try to advance the person to a higher stage, even if that is not the action stage.

Pollak, Carbonari, DiClemente, Niemann, and Mullen (1998) conducted a study using a subsample of a larger study of volunteers from a smoking-cessation study. They used the stages of change along with the processes of change and a smoking decisional balance scale. The processes of change evaluates activities participants engage in that help them get closer to making a behavior change. The decisional balance scale evaluates the participants’ attitudes toward changing. When individuals make a decision, the advantages (pros) and disadvantages (cons) of the decision substantially affect which behavior a person will choose. In the earlier stages, participants will place more importance on the cons of changing behavior and in later stages will place more
In Pollak and colleagues’ study (1998), participants completed questionnaires in the beginning, at one year, and again at two years. Only the contemplation, preparation, and action stages were used in this study. Pollak et al. found that if people in the contemplation stage had increased levels of experiential process use, they also showed cons to be more important and/or pros to be less important. Also, decisional balance did not causally influence behavioral process use for ex-smokers in the action stage. However, they found that decisional balance causally influenced behavioral process use for the people who were progressing toward action. The authors felt that their findings supported the position that there are distinct stages of change rather than a single continuum. This may have possible impact on intervention programs. Some programs may need to focus on the importance of cons and decrease the importance of the pros.

Stages of Change and Other Areas

Along with smoking cessation, Prochaska et al. (1994) have also used the stages of change to study other problem behaviors. They examined 12 problem behaviors that have important physical or mental health consequences: smoking cessation, quitting cocaine, weight control, high-fat diets, adolescent delinquent behaviors, safer sex, condom use, sunscreen use, radon gas exposure, exercise, mammography screening, and physicians’ preventive practices with smokers. Some of these behaviors involved stopping a negative behavior while the others involved initiating positive behaviors. Participants were recruited using a variety of procedures and were mailed a battery of
questionnaires that included the stages of change along with decisional balance (views of the pros and cons) items. In all 12 samples, it was found that the cons of changing the problem behaviors outweighed the pros for subjects who were in the precontemplation stage and the opposite was true in 11 of the 12 samples when the subjects were in the action stage. The authors concluded that “the underlying constructs that are important for understanding change may be quite similar across a broad diversity of groups with a broad diversity of problem behaviors” (p. 45).

Smith, Subich, and Kalodner (1995) looked at one of these problem behaviors by using the stages of change to distinguish between premature and nonpremature terminators at a college counseling center. All of the students who entered the counseling center over a period of 6 months were asked at the conclusion of the initial intake to participate in the study. They found that premature and nonpremature terminators were distinguishable by the stage of change at which they enter therapy. All nine participants in the precontemplation stage in this study terminated prematurely but all of the 15 participants who began in the preparation and action stages did not terminate prematurely. These results have the potential to help modify counseling based on the stage participants enter counseling, thus helping them obtain the type of counseling best suited to them.

Another broad area of behavior that used the stages of change for evaluation was exercise. A study by Marcus, Eaton, Rossi, and Harlow (1994) examined the stages of change model to see if it could be effectively used with exercise-related behavior change. The authors used self-efficacy, a decisional balance sheet, the stages of change, and self-reported participation in physical activity. Self-efficacy evaluates participants’
confidence about performing an exercise-related behavior that is related to their ability to perform that behavior. Decisional balance sheets assess the participants’ view of the pros and cons of exercise-related behavior.

Three measures were administered in this study: (1) a stage of change measure, (2) a self-efficacy measure, and (3) a decisional balance measure, along with the self-reported participation in physical activity measure. Data were collected from 698 employees at four Rhode Island worksites. There were no interventions associated with this study. Its purpose was to determine if the decisional balance sheet and self-efficacy for exercise would be related to the stages of change that would also be associated with reported physical activity. Results showed that a person’s activity level could be predicted by knowing their stage of readiness for exercise, their views of the pros and cons of exercise, and their self-efficacy for exercise. These findings provided additional evidence for the validation of this model.

The stages of change theory may work well in many areas, but Jeffery, French, and Rothman (1999) concluded that it was not effective as a predictor of success in weight control for adult women. Jefferey et al. conducted a 4-year study with women in the Pound of Prevention study. The participants’ stage of change was defined by combining measures of current dieting, weight control efforts in the last year, and intention to diet. After a baseline assessment, follow-up assessments were conducted every year after that for 3 years. The results show little value of the stages of change model for predicting weight change. The predicted relationship between the stages of change and future weight change was not observed. The authors felt that this may be due
in part because weight control success involves different factors than smoking cessation. Smoking cessation may be more difficult and stressful in the short term whereas weight loss may involve the consistent application of a complex set of skills over an extended period of time.

**Stages of Change and Program Evaluation**

The stages of change have been used to evaluate the effectiveness of intervention programs. Such a study was conducted by Coleman-Wallace, Lee, Montgomery, Blix, and Wang (1999). They evaluated two programs: the Tobacco Education Group (TEG) and the Tobacco Awareness Program (TAP). The first program was used to motivate tobacco users to acquire the desire to quit. The latter program was designed for adolescents who already had expressed the desire to quit using tobacco. The programs were designed to be more effective for users at different stages of change.

The sample for this study came from six high schools in a Southern California high school district. Participants were given pre- and posttest surveys. The results showed that both the TEG and the TAP programs were successful in reducing smoking among adolescents. The TAP program was more successful than the TEG program in moving participants along the stages of change. This finding is consistent with the stages of change model in that the TAP program was designed for students who wanted to quit smoking, or who had already progressed through some stages of change. The authors acknowledged that the stages of change provided an alternative measure of success. Even if students did not completely quit smoking, progress could be shown by noting
advancement to a higher stage of change.

Financial Management Program Evaluation

The purpose of the current study is to evaluate a financial management program. Therefore, literature on other financial management program evaluations will be reviewed.

One program, a series of women's financial information workshops, was examined to evaluate differences in cash flow and credit use three months after completion. DeVaney, Gorham, Bechman, and Haldeman (1996) studied women participating in the American Association of Retired Persons' (AARP) Women’s Financial Information Program (WFIP). Their sample consisted of 196 participants in Indiana, Nevada, Utah, and Virginia. The design used a preassessment and post-assessment survey. The preassessment survey contained 10 questions on feelings about finances, 19 on satisfaction with finances, and 3 on demographics. The post-assessment consisted of questions about financial feelings, financial satisfaction, and questions on practices adopted, effect of speakers, other participants, and workbook exercises.

DeVaney et al. (1996) reported that after completing the WFIP program, 55% of the participants had developed or revised a spending plan, 24% started a system to pay bills on time, 44% started or added to an emergency fund, and about two thirds adopted a system to identify spending leaks. Moreover, one third of the participants limited the number or use of credit cards, approximately 40% began to save regularly or increased regular savings, while 22% made a change by obtaining credit in her own name. These
findings suggest a relationship between WFIP attendance and a positive change in financial behavior and attitudes. Also, use of the WFIP workbook increased positive behavior change.

Warner and Combs (1998) also evaluated the WFIP program. However, their research was qualitative, based on in-depth personal interviews with three WFIP participants. What emerged from the interviews was a description of the women, their past financial histories, their level of financial resources, their financial management style, reasons they participated in WFIP, evaluation of the program and how it impacted their lives, and current economic and financial activities and plans for the future. As for the program evaluation, one participant stated that she was learning what she “had no idea about before.” The other two participants also viewed the program as beneficial. From this research, the authors were able to compile recommendations to consider for future programs.

Marlowe, Godwin, and Maddux (1996) conducted research about a program for nineteen welfare recipients. This program is called the Positive Employment and Community Help (PEACH) program. The purpose of their study was to assess the effectiveness of the PEACH program in improving program participants’ knowledge of financial management and to assess participants’ financial behavior and attitudes in relation to their financial knowledge. Participants were surveyed before and after the training program. The pretest included questions to assess financial knowledge, financial behaviors, attitudes about financial management, and demographic variables. The posttest included the same questions in different order, except for the demographics.
In this study, financial knowledge did improve on the posttest survey, but the increases were not found to be statistically significant. None of the areas of financial behavior were found to change significantly, however, financial knowledge was related to change in planning and saving behavior. Participants who reported more knowledge about financial issues also reported that they felt more in control of their finances, although not at a statistically significant level. Although 63.2% improved their financial knowledge, differences in mean scores on the pre- and posttest were not statistically significant. The small sample size may have contributed to these results. The authors felt that the program needed to be reevaluated for effectiveness and possible use of a screening test to tailor the program to the audience.

The High School Financial Planning Program (HSFPP) was evaluated by Danes, Huddleston-Casas, and Boyce (1999). The goal of the HSFPP was to increase the financial planning literacy of teens, and the purpose of the study was to assess the impact of this program on financial knowledge, behavior, and self-efficacy of teens. Their study assessed teachers who had taught the HSFPP curriculum and their students. The authors decided to use a post-then-pre design. The post-then-pre design addresses the problem that participants may have had a limited knowledge at the beginning of the program that prevented them from accurately assessing their behaviors. Danes et al. gave students a posttest that asked about their financial knowledge, behavior, and self-efficacy since studying financial planning. They were then asked the same questions framed in the context prior to studying financial planning. In the end, 418 student surveys were usable.

Danes et al. (1999) found that there was a statistically significant increase on all
behavior, knowledge, and self-efficacy scores. For financial knowledge, the largest gain was in the area of understanding the cost of credit. About one third of the participants showed an increase in financial behaviors, and about 40% increased their confidence about managing their money (self-efficacy). Teachers also reported a marked change in knowledge and behavior in the students after the program. Over two thirds of the teachers were “very satisfied” with the content of the program. The results of this study indicate that the HSFPP curriculum had a positive impact on the financial knowledge, behavior, and self-efficacy of the student participants.

Garman, Kim, Kratzer, Brunson, and Joo (1999) evaluated the effectiveness of a workplace financial education program at a southeastern chemical producer. Data were collected using a mail survey created by the staff of Virginia Tech’s Personal Finance Employee Education (PFEE) outreach effort and others. Employees were invited to attend workshops on various financial topics. Workers who did and did not attend workshops were surveyed. Of the 300 surveys sent, 178 were returned and usable for analysis. Of the 100 participants that attended workshops, 76% perceived a higher level of financial wellness compared to 54% of the 78 nonparticipants. Compared to nonparticipants, workshop participants reported greater satisfaction with the amount of money they were able to save, felt more confident about saving for a comfortable retirement, were more likely to set money aside for savings, and were more likely to save for retirement. However, a limitation of this study was not using a pre- and posttest design. The results cannot be specifically attributed to the financial education workshops.
Use in the Financial Field

Evaluations of financial education programs have used various methods. Only recently has the stages of change theory been employed in studying financial management. Finances and the stages of change model create an effective fit because good financial management often deals with the cessation of undesired behaviors or starting recommended behaviors. Researchers in this field have begun to consider the stages of change as a model for financial counseling and program evaluation.

Morand (1996) suggested that the stages of change be used in financial counseling to help identify what stage clients are in currently. Counselors can then help the clients move toward desired change instead of rushing them into a program they are less likely to complete.

Kerkmann (1998) also suggested using the stages of change as a base for a financial counseling model. Kerkmann developed a financial counseling model using counseling techniques and strategies that are appropriate for each stage of change combined with specific interventions and examples.

Kerkmann (1998) suggested specific tasks for counselors at each stage of change. In the precontemplation stage, the counselor needs to increase the client’s awareness of associated risks and problems and raise doubts about the client’s current financial management practices. If a client is in the contemplation stage, the counselor needs to tip the balance in favor of making changes and evoke reasons to do so. For the preparation stage, the counselor can help the client make a realistic plan. The action stage requires
the counselor to help the client take steps toward change by being actively and affirmatively interested. Finally, in the maintenance stage, the counselor can help the client maintain newly acquired financial management skills and practices. A case study was also provided by Kerkman to help financial counselors understand and use this model when counseling clients.

Xiao et al. (2000) used the stages of change as part of the Transtheoretical Model of change (TTM) to evaluate the impact of the MONEY 2000 program and explore what change processes most effectively help people who would like to change their financial behavior. Money 2000 is a Cooperative Extension System program that was developed to encourage participants to improve their household net worth by saving or reducing household debt between the years 1995 to 2000. The program was developed to appeal to individuals at different stages of readiness for behavior change. Xiao et al. found that respondents in the action and maintenance stages were more likely to use the processes of change than those who began in the lower stages. Those who started in the action stage were more prepared than those in the pre-action stages and more likely to achieve the category of “saver.” The authors felt that the results showed that participants who progressed to the action and maintenance stages were likely to be using certain change processes more often.

Summary

The stages of change model has been used extensively in the health profession to study behavior change, particularly addictive behavior. It has only recently been used to
examine financial behavior. This study extends research on the stages of change in financial behavior. The stages of change model was used to evaluate the effectiveness of The Financial Checkup. The next chapter will outline the methods used in this study.
CHAPTER III

METHODS

The purpose of this study was to determine if The Financial Checkup helped advance individuals along the stages of change. The sample, procedures for collecting data, and measures are discussed in this chapter.

Sample

The sample consisted of self-selected individuals who came to workshops explaining The Financial Checkup. The workshops lasted 1 to 1½ hours and were offered in Northern Utah. It was assumed that individuals attended the workshops because they wanted to evaluate their financial situation. The workshops were taught through organizations desiring an opportunity for their members to attend and were taught at their facilities. Individuals had the option of coming, but were not required by the organization. Five different groups were represented: two women’s religious groups, two businesses, and a women’s financial planning group. From these groups, 72 participants completed survey one and survey two.

Of the participants that came to the workshops and completed survey one and two, the mean age was 41.97, with ages ranging from 22 to 77. There were 69.4% females and 30.6% males. The high number of females can be attributed to the three female-only organizations. If the female-only organizations are taken out, the males make up 55% of the participants and females make up 45%. Most of the participants were in the “married
with dependent children” category (45.8%). The next largest group was married without dependent children (20.8%). Most participants had some college (34.7%), with a 4-year degree and an advanced degree being next and equal at 19.4%. Most participants had an annual household income of $40,000-$59,999 (33.3%). The next largest group was $20,000-39,999 (27.8%). This information can help financial counselors, planners, and educators determine which audiences are more likely to seek financial education.

Procedures for Collecting Data

At each workshop, individuals received an explanation of the study and two copies of a consent form, one to keep and one to sign and return (see Appendix A). Participants were asked to provide their name, address, and phone number. Individuals were assigned a number and results were tracked by this number. Their names were never associated with the surveys they completed.

Before the workshop began, each participant received a survey to fill out (see Appendix B). Verbal instructions were given to help ensure that the participants understood the survey (see Appendix C). The workshops were taught by the same person each time to help reduce experimental confounds. An outline of the workshop along with key points that were covered is included (see Appendix D).

At the end of the workshops, participants were asked to complete another copy of the same survey. The purpose of the second survey was to determine change from the pretest as a result of the workshop.

Approximately three months after the workshop, participants received a third copy
of the survey to see if they made changes over the intervening time period. This final survey was used to help determine if The Financial Checkup program was effective in encouraging action over a period of time. Participants were told that everyone returning the 3-month follow-up survey would be entered into a drawing for 50 dollars. Thirty-eight participants returned the third survey (a 53% response rate).

A control group was also created to help assure internal validity. Participants were selected from a list of individuals who desired to attend a financial management workshop. Like the experimental group, they were self-selected in that no one was requiring that they attend a financial workshop. Groups similar to the experimental groups were contacted. They consisted of two women’s religious groups, one business, and clients at Utah State University’s Family Life Center who desired to attend a financial management workshop. The control group was asked to complete a survey and then asked to complete another survey approximately 3 months later, without attending The Financial Checkup workshop or receiving the booklet. The control group received their surveys during the same 6-month interval in which the experimental group was attending the workshops and completing their surveys.

Measures

The measurement tool for this research was a survey that was developed specifically for this study. This survey was approved by Utah State University’s Institutional Review Board for use with human subjects (see Appendix E). Questions 1-5 asked about demographics including age, sex, marital and family status, education, and
income. The next three questions asked if participants have completed a net worth statement, an income and expense statement, or used a budget in the last year. The survey also asked if they understand what those instruments are.

The next nine questions involved the stages of change. For each topic covered by The Financial Checkup, participants were asked to choose which answer best described their current status. The financial topics addressed were debt, savings, retirement, taxes, and insurance (homeowner’s or renter’s, auto, life, health, and disability). Following are the response options they could choose for each topic, the corresponding stage of change, and the number attached to the stage:

- **Precontemplation** - (DK) Don’t Know, 1. I don’t know if I have problems in this area.
- **Contemplation** - (AP) Aware of Problems, 2. I am aware of problems in this area, but do not have current plans to take action in the next three months to work on these problems.
- **Preparation** - (CP) Current Plans, 3. I am aware of problems in this area and I have plans to take action in the month to help resolve these problems.
- **Action** - (TA) Taking Action, 4. I am currently taking action to help resolve problems in this area.
- **Maintenance** - (NLP) No Longer a Problem, 5. I have had problems in this area in the past but I continually take action to make sure I don’t have problems again.
Participants may also answer:

(DNA) Does Not Apply. 0. This topic does not apply to me.

Reliability

To examine the reliability of The Financial Checkup survey, the survey was administered to a graduate class of business majors at Utah State University and then given again 1 week later. The students were asked to put a number or some other identifying information at the top of survey one and the same identification on survey two to allow comparison. To assess test-retest reliability, Table 1 summarizes responses to

Table 1

Correlation Among the Stages of Change from Survey One and Survey Two on Topics from The Financial Checkup (N=25)

<table>
<thead>
<tr>
<th></th>
<th>Debt-1</th>
<th>Savings-1</th>
<th>Retirement-1</th>
<th>Taxes-1</th>
<th>Homeowners-1</th>
<th>Auto-1</th>
<th>Life-1</th>
<th>Health-1</th>
<th>Disability-1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt-2</td>
<td>.77</td>
<td>.66</td>
<td>.34</td>
<td>.58</td>
<td>.67</td>
<td>.31</td>
<td>.58</td>
<td>.41</td>
<td>.14</td>
</tr>
<tr>
<td>Savings-2</td>
<td>.71</td>
<td>.69</td>
<td>.31</td>
<td>.56</td>
<td>.60</td>
<td>.47</td>
<td>.56</td>
<td>.51</td>
<td>.08</td>
</tr>
<tr>
<td>Retirement-2</td>
<td>.49</td>
<td>.66</td>
<td>.82</td>
<td>.40</td>
<td>.52</td>
<td>.29</td>
<td>.56</td>
<td>.35</td>
<td>.43</td>
</tr>
<tr>
<td>Taxes-2</td>
<td>.34</td>
<td>.41</td>
<td>.10</td>
<td>.84</td>
<td>.36</td>
<td>.78</td>
<td>.40</td>
<td>.43</td>
<td>.36</td>
</tr>
<tr>
<td>Home-2</td>
<td>.18</td>
<td>.12</td>
<td>.37</td>
<td>.38</td>
<td>.61</td>
<td>.37</td>
<td>.72</td>
<td>.53</td>
<td>.39</td>
</tr>
<tr>
<td>Auto-2</td>
<td>.26</td>
<td>.33</td>
<td>.28</td>
<td>.87</td>
<td>.58</td>
<td>.87</td>
<td>.62</td>
<td>.81</td>
<td>.64</td>
</tr>
<tr>
<td>Life-2</td>
<td>.33</td>
<td>.34</td>
<td>.45</td>
<td>.51</td>
<td>.67</td>
<td>.70</td>
<td>.72</td>
<td>.60</td>
<td>.64</td>
</tr>
<tr>
<td>Health-2</td>
<td>.22</td>
<td>.27</td>
<td>.15</td>
<td>.63</td>
<td>.27</td>
<td>.86</td>
<td>.35</td>
<td>.67</td>
<td>.53</td>
</tr>
<tr>
<td>Disability-2</td>
<td>.10</td>
<td>.13</td>
<td>.21</td>
<td>.58</td>
<td>.39</td>
<td>.66</td>
<td>.43</td>
<td>.39</td>
<td>.71</td>
</tr>
</tbody>
</table>
each topic of The Financial Checkup. Survey one was compared to survey two using Pearson correlations. Of the nine topics, auto insurance had the strongest correlation (.87), followed by taxes (.84), and retirement (.82). The weakest correlation was homeowners insurance (.61). These high correlations support reliability of the measure.

**Validity**

The first step in examining validity was to look at construct validity by observing correlations between topics. Correlations between topics was generally not as strong as the correlation each topic had with itself (Table 1). In 72 of the between-topic correlations, there were 4 that were stronger than the correlation that topic had with itself. Those four correlations were Debt-1 to Savings-2, Tax-1 to Auto-2, Life-1 to Home-2, and Auto-1 to Health-2. Two of these correlations may be explained. The first correlation is debt to savings. If people do not have a problem with debt, they are more likely to be able to save and therefore not have a problem with savings. The second correlation that may be explained is the life insurance and homeowners insurance correlation. It is likely that many people get life and homeowners insurance from the same agent because of the saving feature offered by some companies. Therefore, if they feel they do not have a problem in one area they likely do not have a problem in the other area. The other two correlations, tax to auto and auto to health, do not have associations that are easy to explain. However, as stated earlier, there were only 4 of the 72 correlations that were stronger than the correlation each topic had with itself.

The next examination of validity concerns content validity. To approach this,
experts in the field of financial education were given a copy of the survey and a short
description of the stages of change. These experts were asked to help determine if the
survey tests what it is meant to test. Particular attention was paid to the comments of the
experts who were most familiar with the stages of change. A few changes were made to
the survey after receiving the experts’ comments. Originally the survey stated that the
response option CP (Current Plans) was for individuals who were aware of problems in
this area and have plans to take action in the next 3 months to help resolve these
problems. Experts pointed out that this was not in line with the Prochaska et al. (1992)
model, which states that the individual has plans to take action in the next month, not the
next 3 months. The survey was changed to say “in the next month” to more accurately
portray the stages of change.

Two other changes were made because of the experts’ comments. A change was
made to the response choices regarding NP (No Problem). Not only did one of the
experts point out a potential problem with this choice, but the problem also emerged from
the pilot study. NP was changed to DNA (Does Not Apply). This change is discussed in
the pilot study section.

The final change was in wording only. One expert was concerned that the
directions asking participants to respond how they currently feel about their financial
situation was not as accurate as asking them to respond how they feel about their current
financial situation. Asking how they currently feel would lead to more fleeting responses.
The survey was changed to ask about their current situation, not their current feelings.
Pilot Study

A pilot study was conducted to measure the appropriateness of the survey and to identify any potential problems. Eight participants attended The Financial Checkup workshop. The survey was given before, directly after, and 3 months after the workshop. Of the eight participants, all eight completed and returned all three surveys. Analysis of the pilot study is included (see Appendix F).

Two concerns emerged from the pilot study. The first, as mentioned earlier, involved the response NP (No Problem). This was originally included for those individuals who have never had a problem in that area. However, it appeared that some participants used NP for problems that were a concern but they had taken action to eliminate the problem. The most appropriate answer for that situation would be NLP (No Longer a Problem). NLP is for areas where a concern had existed but was eliminated whereas NP is for areas where they never had a problem at any time. Apparently, the two response choices were too close to distinguish between the two situations.

To help reduce the confusion between NP and NLP, it was decided to change NP to DNA (Does Not Apply). This response option was available for those whose situations do not fit that category. For example, if an individual has never owned a car, that person would not have had a problem with auto insurance.

The second concern was with the response of TA (Taking Action). Some participants did not respond that they were taking action before the workshop began and then responded immediately after the workshop that they were taking action. In reality, they would not have had time during the workshop to take action. This concern was
addressed through the verbal instructions that were given at the beginning of the workshop (see Appendix C). It was emphasized that individuals who did not mark TA (Taking Action) before the workshop began would not be able to mark TA immediately after the workshop.

Proposed Data Analysis

The purpose of this study was to evaluate The Financial Checkup program and determine if it helped advance individuals along the stages of change. Three specific questions were asked:

1. Did The Financial Checkup program help initiate change to a higher stage?

2. Was The Financial Checkup program more effective for people who began at one particular stage of change compared to participants who began in other stages? If so, which stage?

3. Did participants continue to change over a 3-month period after completing The Financial Checkup program?

Research Question One

To answer the question, "Did The Financial Checkup program help initiate change to a higher stage," the analysis looked at the difference between the answers on the pre-test and the posttest for each question on the survey. To assess change, the following questions were asked: How many responses advanced at least one stage? What was the mean number of stages advanced between the first and second survey? Also, some
individuals may have regressed after the first survey due to increased knowledge of their financial situation in relation to established guidelines. Therefore, the following questions were also asked: How many regressed to a lower stage, and what was the mean number of stages they regressed? Finally, how many participants did not change stages from survey one to survey two?

A logistic regression for matched pairs was used to analyze the data. This test was used because the data were ordinal and related, and the same people took the survey each of the three times. A McNemar test would be the appropriate test if there were no more than two possible answers to the questions on the survey. Because this study involved six possible responses on the stages of change, a generalization of the McNemar test was used, which is called the Cochran-Mantel-Haenszel (CMH) test. The CMH test is used to “investigate the association between X and Y while controlling for Z” (Agresti, 1996, p. 61). In the current study the dependent variables were the stages of change with X being the stages on survey one and Y will be the stages on survey two. The independent variable was Z, The Financial Checkup program. This analysis was repeated for the comparison between survey two and survey three. The results were compared to the control group who did not receive The Financial Checkup program.

Along with looking at the stages of change, percentages were calculated for how many people completed a Net Worth Statement, an Income and Expense Statement, and used a budget within the last year. This information was compared to the control group.
Research Question Two

Question two asked, “Was The Financial Checkup program more effective for people who began at one particular stage of change compared to participants who began in other stages? If so, which stage?” This was addressed by comparing each participant’s stage in the first survey with their stage in the last survey. How many advancements were made from stage one to two, from one to three, and so forth? This question was asked again for stages two, three, and four. Advancing from stage three to four took more effort and commitment than advancing from stage one to two even though they are each only one step. Of those who reached stage four or five by survey three, at which stage were they for survey one? Also, what were the demographic characteristics of those who reached stage four or five? Was The Financial Checkup more effective for people in certain demographic categories?

Research Question Three

The final question, “Did participants continue to change over time after receiving The Financial Checkup program,” was also addressed by determining if there was a difference between survey two and survey three. How many participants’ responses advanced in stages? What was the mean number of stages they advanced? How many regressed and what was the mean number of stages they regressed? How many stayed in the same stage? How many participants’ responses reached the desired stage four or five in survey three that were at a lower stage in survey one? Again, the purpose of this study was to determine how many participants progressed forward and how many stayed the
same or regressed after participating in The Financial Checkup program.
Participants who received The Financial Checkup program were compared to participants in a control group. The control and treatment groups were found to be equivalent in each of the nine areas of The Financial Checkup (Appendix G, Table 18). The control group completed survey one and approximately three months later, filled out survey two. There was no significant changes in responses between survey one to survey two for the control group (Appendix G, Table 19). Also, those in the treatment group who responded to survey three and those who did not were compared in survey one. There was no difference in responses to survey one between those who responded and those who did not complete survey three (Appendix G, Table 20). These results show that threats to internal validity did not seem to be an issue.

Research Questions

Question One

Did The Financial Checkup program help initiate change to a higher stage? To answer this question, the differences between survey one and survey two of the treatment group were compared (Table 2).

The results of the analysis shown in Table 2 indicate that the workshop did initiate change. It helped participants move to higher stages more often for the topics of savings and auto insurance than for other topics, followed by homeowners insurance and life
Table 2

Differences Between Survey One and Two for the Treatment Group

<table>
<thead>
<tr>
<th>Financial topic</th>
<th>( \chi^2 )</th>
<th>Percent increase</th>
<th>N</th>
<th>df</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>11.21</td>
<td>13.24</td>
<td>68</td>
<td>5</td>
<td>.05</td>
</tr>
<tr>
<td>Savings</td>
<td>11.27</td>
<td>20.59</td>
<td>68</td>
<td>5</td>
<td>.05</td>
</tr>
<tr>
<td>Retirement</td>
<td>13.36</td>
<td>11.76</td>
<td>68</td>
<td>5</td>
<td>.02</td>
</tr>
<tr>
<td>Taxes</td>
<td>8.12</td>
<td>14.71</td>
<td>68</td>
<td>5</td>
<td>.15</td>
</tr>
<tr>
<td>Home insurance</td>
<td>23.65</td>
<td>17.65</td>
<td>67</td>
<td>5</td>
<td>.00</td>
</tr>
<tr>
<td>Auto insurance</td>
<td>28.10</td>
<td>20.90</td>
<td>67</td>
<td>5</td>
<td>.00</td>
</tr>
<tr>
<td>Life insurance</td>
<td>18.15</td>
<td>17.91</td>
<td>66</td>
<td>5</td>
<td>.00</td>
</tr>
<tr>
<td>Health insurance</td>
<td>13.82</td>
<td>15.15</td>
<td>66</td>
<td>5</td>
<td>.02</td>
</tr>
<tr>
<td>Disability insurance</td>
<td>13.09</td>
<td>13.43</td>
<td>67</td>
<td>5</td>
<td>.02</td>
</tr>
</tbody>
</table>

insurance. Taxes was the only topic that did not show a statistically significant change from survey one to survey two.

Additional information about the treatment group was gathered to help determine if The Financial Checkup helped initiate change to a higher stage. There were 68 participants in the treatment group who completed both survey one and two. Each participant could complete a response for each of the nine topics, allowing 612 possible answers. Of those possible responses, 98 or 16% moved up at least one stage. The mean number of stages participants increased was 1.58 stages on the scale of five stages.
Thirty-eight participants or 6% regressed to a lower stage. The mean number of stages they regressed was 1.55. Most of the participants, 321 or 52% stayed in the same category from survey one to survey two. The other 26% stayed in the DNA (Does Not Apply) category, moved in or out of DNA, or were missing.

In addition to looking at the nine financial topics and the stages of change, the survey also asked if participants had completed a net worth statement and an income and expense statement in the last year and used a budget in the last year. Tables 3, 4, and 5 compare the responses about the net worth statement, income and expense statement, and budget on survey one, two, and three.

After completing The Financial Checkup program, all individuals in the treatment group indicated that they knew what a net worth statement, an income and expense statement, and a budget were. For each of these three items for the treatment group,

Table 3

<table>
<thead>
<tr>
<th>Survey</th>
<th>Have completed</th>
<th>Have not completed</th>
<th>Don’t know what one is</th>
<th>Missing responses</th>
<th>Total</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treatment 1</td>
<td>15.38</td>
<td>53.85</td>
<td>30.77</td>
<td>0.00</td>
<td>100.00</td>
<td>65</td>
</tr>
<tr>
<td>Treatment 2</td>
<td>18.46</td>
<td>80.00</td>
<td>0.00</td>
<td>1.54</td>
<td>100.00</td>
<td>65</td>
</tr>
<tr>
<td>Treatment 3</td>
<td>50.00</td>
<td>44.74</td>
<td>0.00</td>
<td>5.26</td>
<td>99.99</td>
<td>38</td>
</tr>
<tr>
<td>Control 1</td>
<td>22.86</td>
<td>37.14</td>
<td>40.00</td>
<td>0.00</td>
<td>100.00</td>
<td>35</td>
</tr>
<tr>
<td>Control 2</td>
<td>20.00</td>
<td>60.00</td>
<td>20.00</td>
<td>0.00</td>
<td>100.00</td>
<td>35</td>
</tr>
</tbody>
</table>
Table 4

Completed an Income and Expense Statement in the Last Year (in Percentages)

<table>
<thead>
<tr>
<th>Survey</th>
<th>Have completed</th>
<th>Have not completed</th>
<th>Don’t know what one is</th>
<th>Missing responses</th>
<th>Total</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treatment 1</td>
<td>18.46</td>
<td>63.08</td>
<td>18.46</td>
<td>0.00</td>
<td>100.00</td>
<td>65</td>
</tr>
<tr>
<td>Treatment 2</td>
<td>26.15</td>
<td>72.31</td>
<td>1.54</td>
<td>0.00</td>
<td>100.00</td>
<td>65</td>
</tr>
<tr>
<td>Treatment 3</td>
<td>63.16</td>
<td>31.58</td>
<td>0.00</td>
<td>5.26</td>
<td>100.00</td>
<td>38</td>
</tr>
<tr>
<td>Control 1</td>
<td>17.14</td>
<td>45.71</td>
<td>37.14</td>
<td>0.00</td>
<td>99.99</td>
<td>35</td>
</tr>
<tr>
<td>Control 2</td>
<td>22.86</td>
<td>62.86</td>
<td>14.29</td>
<td>0.00</td>
<td>100.01</td>
<td>35</td>
</tr>
</tbody>
</table>

Table 5

Used a Budget in the Last Year (in Percentages)

<table>
<thead>
<tr>
<th>Survey</th>
<th>Have completed</th>
<th>Have not completed</th>
<th>Don’t know what one is</th>
<th>Missing responses</th>
<th>Total</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treatment 1</td>
<td>33.85</td>
<td>63.08</td>
<td>3.08</td>
<td>0.00</td>
<td>100.01</td>
<td>65</td>
</tr>
<tr>
<td>Treatment 2</td>
<td>33.85</td>
<td>64.62</td>
<td>1.54</td>
<td>0.00</td>
<td>100.01</td>
<td>65</td>
</tr>
<tr>
<td>Treatment 3</td>
<td>47.37</td>
<td>47.37</td>
<td>0.00</td>
<td>5.26</td>
<td>100.00</td>
<td>38</td>
</tr>
<tr>
<td>Control 1</td>
<td>45.71</td>
<td>51.43</td>
<td>2.86</td>
<td>0.00</td>
<td>100.00</td>
<td>35</td>
</tr>
<tr>
<td>Control 2</td>
<td>60.00</td>
<td>37.14</td>
<td>2.86</td>
<td>0.00</td>
<td>100.00</td>
<td>35</td>
</tr>
</tbody>
</table>

there was an increase in stages by survey three of those that had completed the item in the last year from those who had completed the item in survey one. The control group had a
decrease for a net worth statement and an income and expense statement from survey one to two, but an increase for in stages for keeping a budget. The Financial Checkup was effective for helping participants complete a net worth statement and an income and expense statement and teaching them about those statements. It was not as effective for helping them prepare a budget.

**Question Two**

Question two was “Is The Financial Checkup program more effective for people who begin at one particular stage of change compared to participants who began in other stages? If so, what stage?” Table 6 examines the stage where participants began for all topics.

**Table 6**

<table>
<thead>
<tr>
<th>Survey</th>
<th>Stages</th>
<th>Survey Three</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td></td>
<td>29</td>
<td>3</td>
<td>10</td>
<td>0</td>
<td>6</td>
<td>12</td>
<td>60</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td>8</td>
<td>5</td>
<td>5</td>
<td>2</td>
<td>6</td>
<td>12</td>
<td>38</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>10</td>
<td>2</td>
<td>8</td>
<td>5</td>
<td>13</td>
<td>4</td>
<td>42</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>11</td>
<td>0</td>
<td>6</td>
<td>1</td>
<td>8</td>
<td>4</td>
<td>30</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>23</td>
<td>7</td>
<td>5</td>
<td>9</td>
<td>50</td>
<td>10</td>
<td>104</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td>14</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>20</td>
<td>10</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>95</td>
<td>18</td>
<td>36</td>
<td>20</td>
<td>103</td>
<td>52</td>
<td>324</td>
</tr>
</tbody>
</table>

*Note. N = 36*
topics for survey one and then what stage they were in for survey three.

Of the 155 participant responses that ended in stage four or five on survey three, 90 or 58% began in stages four or five. The other 65 (42%) were spread out among all the other stages. Those that reached stage four or five were a little more likely to have begun in stage two (13) than the Does Not Apply category (6), stage one (6), or stage three (8). Those that reached stage five on survey three were more likely to have started in the Does Not Apply category (12) or stage one (12) than stage two (4) or stage three (4). The stage where they began did not seem to have a lot of impact on reaching stage four or five on survey three other than they were more likely to end in stage four if they began in stage four.

Tables 7 through 11 summarize the demographic categories for those who reached stage four or five on survey three. The percentage of each demographic category on survey one was subtracted from the percentage of each demographic category on survey three. Frequencies are not given because the number of surveys returned was different for survey one than it was for survey three.

Of the participants who responded to survey three, there were none in the “70-79” age category so that category was removed from the table. Also, there were not many participants in the “60-69” age category. This category was left in the table. However, the percent change looks more substantial for this age group than it is because of the small number in that group. When one person changed stages, it made a higher percent change than would occur in the other categories. The “60-69” group had more responses in stage four or five in taxes, life insurance, and disability insurance. The group that
Table 7

Percent Change in Stages Four and Five from Survey One to Survey Three by Age

<table>
<thead>
<tr>
<th>Topic</th>
<th>20-29</th>
<th>30-39</th>
<th>40-49</th>
<th>50-59</th>
<th>60-69</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>73.33</td>
<td>35.42</td>
<td>48.33</td>
<td>20.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Savings</td>
<td>60.00</td>
<td>(16.67)</td>
<td>45.00</td>
<td>(4.29)</td>
<td>50.00</td>
</tr>
<tr>
<td>Retirement</td>
<td>5.00</td>
<td>5.55</td>
<td>7.90</td>
<td>(8.58)</td>
<td>25.00</td>
</tr>
<tr>
<td>Taxes</td>
<td>48.33</td>
<td>14.58</td>
<td>40.00</td>
<td>17.14</td>
<td>75.00</td>
</tr>
<tr>
<td>Home insurance</td>
<td>23.33</td>
<td>8.33</td>
<td>21.49</td>
<td>(4.29)</td>
<td>50.00</td>
</tr>
<tr>
<td>Auto insurance</td>
<td>33.33</td>
<td>22.22</td>
<td>30.00</td>
<td>2.85</td>
<td>0.00</td>
</tr>
<tr>
<td>Life insurance</td>
<td>10.00</td>
<td>8.33</td>
<td>40.00</td>
<td>0.00</td>
<td>75.00</td>
</tr>
<tr>
<td>Health insurance</td>
<td>21.66</td>
<td>0.00</td>
<td>25.00</td>
<td>7.15</td>
<td>50.00</td>
</tr>
<tr>
<td>Disability insurance</td>
<td>36.66</td>
<td>(7.64)</td>
<td>21.67</td>
<td>0.00</td>
<td>75.00</td>
</tr>
</tbody>
</table>

Note. Survey One N = 72, Survey Three N = 38

showed the highest percent change to stage four or five was the "20-29" category. The Financial Checkup helped them change the most in debt and savings.

Table 8 summarizes what percent of males and females moved to stage four or five from survey one to survey three. Among males, the most change to stage four or five was in the topic of debt followed by homeowners insurance and auto insurance. Females also made the most change in debt, but their next highest change was taxes followed by life insurance.
Table 8

Percent Change in Stages Four and Five from Survey One to Survey Three by Sex

<table>
<thead>
<tr>
<th>Topic</th>
<th>Sex category</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
</tr>
<tr>
<td>Debt</td>
<td>43.64</td>
</tr>
<tr>
<td>Savings</td>
<td>19.09</td>
</tr>
<tr>
<td>Retirement</td>
<td>0.60</td>
</tr>
<tr>
<td>Taxes</td>
<td>21.51</td>
</tr>
<tr>
<td>Home insurance</td>
<td>25.72</td>
</tr>
<tr>
<td>Auto insurance</td>
<td>25.71</td>
</tr>
<tr>
<td>Life insurance</td>
<td>16.67</td>
</tr>
<tr>
<td>Health insurance</td>
<td>12.38</td>
</tr>
<tr>
<td>Disability insurance</td>
<td>10.29</td>
</tr>
</tbody>
</table>

Note. Survey One N = 72, Survey Three N = 38

Of those participants who responded to survey three, there were none in the “never married with dependent child(ren)” category. There were also no participants in either of the widowed categories. The two widowed categories were removed from the table. Because there were only a few in both divorced categories (with and without children), those two categories were collapsed into a “divorced” category.

The Financial Checkup program helped participants in each family status category for at least one area. The “never married” category advanced to stage four or five the
Table 9
Percent Change in Stages Four and Five from Survey One to Survey Three by Family Status

<table>
<thead>
<tr>
<th>Topic</th>
<th>Never married</th>
<th>Married no children</th>
<th>Married children</th>
<th>Divorced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>25.00</td>
<td>51.11</td>
<td>41.56</td>
<td>38.64</td>
</tr>
<tr>
<td>Saving</td>
<td>37.50</td>
<td>26.66</td>
<td>11.69</td>
<td>54.55</td>
</tr>
<tr>
<td>Retirement</td>
<td>25.00</td>
<td>19.99</td>
<td>(7.35)</td>
<td>35.00</td>
</tr>
<tr>
<td>Taxes</td>
<td>75.00</td>
<td>51.12</td>
<td>18.62</td>
<td>56.82</td>
</tr>
<tr>
<td>Home insurance</td>
<td>87.50</td>
<td>11.10</td>
<td>15.03</td>
<td>13.64</td>
</tr>
<tr>
<td>Auto insurance</td>
<td>37.50</td>
<td>44.45</td>
<td>16.89</td>
<td>4.55</td>
</tr>
<tr>
<td>Life insurance</td>
<td>25.00</td>
<td>39.99</td>
<td>13.43</td>
<td>22.73</td>
</tr>
<tr>
<td>Health insurance</td>
<td>0.00</td>
<td>31.10</td>
<td>10.40</td>
<td>22.73</td>
</tr>
<tr>
<td>Disability insurance</td>
<td>37.50</td>
<td>24.44</td>
<td>12.56</td>
<td>31.82</td>
</tr>
</tbody>
</table>

Note. Survey One N = 72, Survey Three N = 38

most in homeowners insurance. Those in the “married without children” category advanced the most in debt and taxes. The “married with children” category had their largest change to stage four or five in the area of debt and the “divorced” category had their largest change in homeowners insurance and debt.

Of those participants who responded to survey three, there were none in the “less than high school” education category so the category was removed. Also, the “two year
Table 10

Percent Change in Stages Four and Five from Survey One to Survey Three by Education

<table>
<thead>
<tr>
<th>Topic</th>
<th>Education category</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High school</td>
<td>Some college</td>
<td>College degree</td>
<td>Advanced degree</td>
</tr>
<tr>
<td>Debt</td>
<td>39.39</td>
<td>39.16</td>
<td>41.43</td>
<td>58.57</td>
</tr>
<tr>
<td>Savings</td>
<td>45.46</td>
<td>7.49</td>
<td>41.90</td>
<td>2.85</td>
</tr>
<tr>
<td>Retirement</td>
<td>6.66</td>
<td>18.33</td>
<td>11.43</td>
<td>(22.86)</td>
</tr>
<tr>
<td>Taxes</td>
<td>30.30</td>
<td>15.00</td>
<td>50.48</td>
<td>14.29</td>
</tr>
<tr>
<td>Home insurance</td>
<td>30.31</td>
<td>5.50</td>
<td>11.43</td>
<td>27.85</td>
</tr>
<tr>
<td>Auto insurance</td>
<td>(6.05)</td>
<td>21.67</td>
<td>31.43</td>
<td>6.16</td>
</tr>
<tr>
<td>Life insurance</td>
<td>3.03</td>
<td>33.33</td>
<td>12.12</td>
<td>14.29</td>
</tr>
<tr>
<td>Health insurance</td>
<td>3.03</td>
<td>34.17</td>
<td>11.90</td>
<td>(13.84)</td>
</tr>
<tr>
<td>Disability insurance</td>
<td>30.30</td>
<td>30.00</td>
<td>11.43</td>
<td>(5.71)</td>
</tr>
</tbody>
</table>

Note. Survey One N = 72, Survey Three N = 38

degree” and “four year degree” categories were collapsed to the “college degree” category. The “high school” category advanced to stage four or five the most in savings, “some college” advanced the most in debt, “college degree” advanced the most in taxes, and the “advanced degree” category progressed the most in debt.

There were very few respondents in the “$80,000 to $99,999” and “Over $100,000” income categories. They were collapsed into the “Over $80,000” category. Also there were very few in the “Under $19,999” category and the results were not as
Table 11

Percent Change in Stages Four and Five from Survey One to Survey Three by Income

<table>
<thead>
<tr>
<th>Topic</th>
<th>Under $19,999</th>
<th>$20,000-$39,999</th>
<th>$40,000-$59,999</th>
<th>$60,000-$79,999</th>
<th>Over $80,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>100.00</td>
<td>25.00</td>
<td>40.14</td>
<td>47.73</td>
<td>33.93</td>
</tr>
<tr>
<td>Savings</td>
<td>50.00</td>
<td>15.00</td>
<td>30.30</td>
<td>38.64</td>
<td>(21.43)</td>
</tr>
<tr>
<td>Retirement</td>
<td>13.50</td>
<td>2.63</td>
<td>17.04</td>
<td>(10.23)</td>
<td>(3.57)</td>
</tr>
<tr>
<td>Taxes</td>
<td>100.00</td>
<td>25.00</td>
<td>42.30</td>
<td>13.64</td>
<td>5.36</td>
</tr>
<tr>
<td>Home insurance</td>
<td>37.50</td>
<td>12.63</td>
<td>12.11</td>
<td>20.46</td>
<td>5.36</td>
</tr>
<tr>
<td>Auto insurance</td>
<td>62.50</td>
<td>15.00</td>
<td>13.63</td>
<td>17.05</td>
<td>28.57</td>
</tr>
<tr>
<td>Life insurance</td>
<td>37.50</td>
<td>10.00</td>
<td>21.96</td>
<td>(1.14)</td>
<td>44.64</td>
</tr>
<tr>
<td>Health insurance</td>
<td>75.00</td>
<td>(5.00)</td>
<td>(13.63)</td>
<td>(1.14)</td>
<td>42.85</td>
</tr>
<tr>
<td>Disability insurance</td>
<td>37.50</td>
<td>15.00</td>
<td>25.38</td>
<td>(17.04)</td>
<td>17.86</td>
</tr>
</tbody>
</table>

Note. Survey One N = 72, Survey Three N = 38

robust as they appear. The demographic category of income in general did not show as much change to stage four or five as the other demographic categories. The category "$40,000-$59,999" changed to stage four or five the most in taxes and debt, and the category "$60,000-$79,999" changed the most in debt.

Question Three

Question Three asked if the participants continued to change over time after
receiving The Financial Checkup Program. To answer this question, Table 12 summarizes the difference between the posttest and the 3-month follow-up test.

The topic of debt had the most substantial percent increase in stages from survey two to survey three (51%) followed by savings, taxes, and homeowners insurance. Health, life, and disability insurance had the lowest percent increase in stages.

Ninety-three of the participants’ responses (27%) advanced in stages, with a mean of 1.75 stages. Twenty-nine (9%) regressed with a mean of 1.72 stages. One hundred of the participants’ responses (29%) stayed in the same stage. The other 35% stayed in the

Table 12

Differences Between Survey Two and Survey Three for the Treatment Group

<table>
<thead>
<tr>
<th>Financial topic</th>
<th>( \chi^2 )</th>
<th>Increase</th>
<th>N</th>
<th>df</th>
<th>( p )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>25.15</td>
<td>51.35</td>
<td>37</td>
<td>4</td>
<td>.00</td>
</tr>
<tr>
<td>Savings</td>
<td>9.16</td>
<td>32.43</td>
<td>37</td>
<td>4</td>
<td>.06</td>
</tr>
<tr>
<td>Retirement</td>
<td>5.28</td>
<td>29.73</td>
<td>37</td>
<td>5</td>
<td>.38</td>
</tr>
<tr>
<td>Taxes</td>
<td>14.10</td>
<td>32.43</td>
<td>37</td>
<td>5</td>
<td>.02</td>
</tr>
<tr>
<td>Home insurance</td>
<td>14.39</td>
<td>32.43</td>
<td>37</td>
<td>5</td>
<td>.01</td>
</tr>
<tr>
<td>Auto insurance</td>
<td>14.23</td>
<td>27.03</td>
<td>37</td>
<td>5</td>
<td>.01</td>
</tr>
<tr>
<td>Life insurance</td>
<td>7.46</td>
<td>16.22</td>
<td>35</td>
<td>5</td>
<td>.19</td>
</tr>
<tr>
<td>Health insurance</td>
<td>2.16</td>
<td>10.81</td>
<td>36</td>
<td>5</td>
<td>.83</td>
</tr>
<tr>
<td>Disability insurance</td>
<td>5.95</td>
<td>18.92</td>
<td>36</td>
<td>5</td>
<td>.31</td>
</tr>
</tbody>
</table>
DNA (Does Not Apply) category, moved out of DNA, went into DNA, or were missing. Of the 342 participants’ responses on survey three, 155 (48\%) reached stage four or five.

Summary of Findings

Table 13 summarizes the movement in the stages from the pretest to the 3-month follow-up test for the treatment group. It also summarizes the movement of the control group for survey one and the 3-month follow-up test.

Table 13

Movement in Stages for All Participants’ Responses

<table>
<thead>
<tr>
<th>Movement</th>
<th>Treatment group</th>
<th>Control group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>pretest to 3-mo. follow-up</td>
<td>pretest to 3-mo. follow-up</td>
</tr>
<tr>
<td></td>
<td>(f)</td>
<td>(%)</td>
</tr>
<tr>
<td>Stayed the same</td>
<td>96</td>
<td>28.07</td>
</tr>
<tr>
<td>Moved up</td>
<td>98</td>
<td>28.65</td>
</tr>
<tr>
<td>Moved down</td>
<td>25</td>
<td>7.31</td>
</tr>
<tr>
<td>Stayed in DNA</td>
<td>35</td>
<td>10.23</td>
</tr>
<tr>
<td>Went out of DNA</td>
<td>43</td>
<td>12.57</td>
</tr>
<tr>
<td>Went into DNA</td>
<td>42</td>
<td>12.28</td>
</tr>
<tr>
<td>Missing</td>
<td>3</td>
<td>0.88</td>
</tr>
<tr>
<td>Total</td>
<td>342</td>
<td>99.99</td>
</tr>
<tr>
<td>(N)</td>
<td>38</td>
<td>36</td>
</tr>
</tbody>
</table>
Twenty-nine percent of the treatment group moved up stages compared to 21% of the control group. The control group was likely to progress on their own without The Financial Checkup program because they were chosen from a pool of people interested in a financial management class. Even with this interest, the treatment group moved up in stages more than the control group. Also, 17% of the control group moved down compared to less than half (7%) of that amount in the treatment group.

Most responses stayed the same from survey one to two (52%). Only 29% stayed the same from survey two to three. Twenty-seven percent moved up at least one stage from survey two to three, which is an increase from 16% from survey one to two.
CHAPTER V
DISCUSSION

Until now, the stages of change model has been used mostly in health research. Its use in the field of finance is new. This study is one of the first to apply the stages of change model to personal financial management.

In a smoking cessation study, Prochaska et al. (1992) found that the stage a participant was in when the participant entered the program was related to the success the participant had in the program. The current study did not find such a relationship. The stage in which participants began was not a strong indicator of the stage they would be in at the end. An exception to this general finding was that if a participant began in stage four, they were more likely to end in stage four. However, this only indicates no change and does not indicate success.

Findings from the current study were in concurrence with the study done by Jeffery et al. (1999) as far as using the stages of change as a predictor for success. They did not observe a predictive relationship between the stages of change and future weight change.

Smith et al. (1995) reported that the stage an individual was in when they came into a counseling center was a good indicator as to whether or not they would complete counseling. Again, the current study did not find such an association. The participants who followed through with survey three and those who did not were compared (Appendix G, Table 20). There was no statistically significant difference between the two groups.
What the current study did find was similar to what Coleman-Wallace et al. (1999) found. They stated that the stages of change provided an alternative measure of success. They noted that progress could be shown by noting advancement to a higher stage of change. This was true with The Financial Checkup. By using the stages of change, progression or regression could be noted. The results of this study showed that more individuals progressed in stages from survey two to survey three (27%) than did from survey one to survey two (16%). The stages of change model may not predict success in The Financial Checkup program, but it does allow measurement of movement.

Limitations

This study allotted only 3 months for participants to follow up. The Financial Checkup was designed to be repeated every year. This study did not allow enough time to evaluate the effectiveness of The Financial Checkup over longer periods of time.

The participants in this study were fairly homogenous. There were not many participants over age 60, single with children, divorced, widowed, less than high school education, and income under $19,999. Even though religion and ethnicity were not measured, given the location of the study, Northern Utah (which has a fairly homogeneous population), it is highly likely that religion and ethnicity would not have been very diverse.

This study only evaluated participants in a workshop in connection with The Financial Checkup booklet. It did not evaluate financial counseling or personal study use of the booklet.
The participants in this study were asked if they had any problems in each of the areas of The Financial Checkup. This study was based on the participants’ own evaluation of their current financial situation which was not verified by a counselor, planner, educator, or other professional. Participants may be unaware of problems they have or may feel that their problems do not reach the level of a concern.

Finally, this study used the stages of change as a model, which is a part of the transtheoretical model. The transtheoretical model has other components such as the processes of change (independent variables that affect the transitions between the stages of change), decisional balance (pros and cons of change), self-efficacy (confidence in the ability to change across problem situations), situational temptations to engage in the problem behavior, and behaviors that are specific to the problem area. By using the stages of change only, the outcomes may have been limited.

Recommendations for Future Research

To further evaluate The Financial Checkup, a longitudinal study could investigate the Financial Checkup’s effectiveness from year to year. The purpose of The Financial Checkup is to help individuals evaluate their finances on an annual basis. Researchers could evaluate results from a 6-month, 1-year, and 2-year period to determine if The Financial Checkup was helping individuals prevent or resolve financial problems over longer periods of time.

Other studies could be done with different types of participants. Low-income groups could be targeted as well as different ethnic, family, and age groups. Researchers
could determine if The Financial Checkup was more effective for these groups than this group.

Other studies could incorporate different means of using The Financial Checkup. Counselors could use the booklet as part of an individual counseling session. Using the booklet as part of a self-guided study program could also be investigated. With larger groups, researchers could compare different delivery approaches. Was the booklet more effective as part of a workshop, counseling session, or self-guided program or a combination of these?

In addition to these potential studies, a researcher could have professionals in the field of finance evaluate each participant’s financial situation. It may be that individuals feel they do not have a problem in one area when actually they do. A professional could help evaluate their need for change, if they were taking action, and if they were maintaining their new behavior changes.

Finally, other studies could use the transtheoretical model to evaluate progress instead of only using the stages of change. Adding the processes of change and the other intervening variables such as decisional balance and self-efficacy might provide a more extensive and complete picture than the stages of change alone.

Summary

Despite the limitations of this study, The Financial Checkup appears to help individuals advance along the stages of change. From survey one to two, 16% of the participants’ responses advanced at least one stage with the mean number of stages
progressing being 1.58. From survey two to three, 27% increased at least one stage with the mean number of stages moved being 1.75.

The Financial Checkup was especially effective in educating the participants about net worth statements and income and expense statements. By survey two, all participants in the treatment group indicated that they knew what a net worth and an income and expense statement were compared to 20% of the control group who did not know what a net worth statement was and 23% of the control group who did not know what an income and expense statement was. Also, by survey three, 50% of the treatment group reported completing a net worth statement, an increase of 21% from survey one. Sixty-three percent had completed an income and expense statement in survey three compared to 21% in survey one. The Financial Checkup helped participants understand and complete a net worth statement and an income and expense statement.

Along with the statements, The Financial Checkup also helped individuals improve in the financial topics covered by the checkup. The topic of debt showed a dramatic increase in stages from survey two to three (51%). Other topics that had a substantial increase from survey two to three were the areas of savings (32%), taxes (32%), homeowners insurance (32%), retirement (30%), and auto insurance (27%). Even though not as substantial, the other three topics (disability insurance, life insurance, and health insurance) also showed some positive changes. The Financial Checkup can be especially effective in helping individuals improve their debt situation. In addition, The Financial Checkup can help individuals improve in other financial areas, which will improve their overall financial situation.
References


Counseling and Planning, 9(1), 13-20.


Appendix A. Informed Consent Form
Informed Consent
Evaluating A Financial Assessment Tool:
The Financial Checkup

Introduction
Jean Lown, a Professor in the Human Environments Department at Utah State University and graduate student Alena C. Johnson are conducting a research study to learn if the financial assessment tool, the Financial Checkup, helps individuals evaluate their finances. You have been invited to take part in this study.

Procedures
If you agree to participate in this study, the following will take place: You will be given a survey before and right after you attend a workshop explaining the Financial Checkup. You will also be asked to complete a survey approximately 3 months after attending the workshop.

Risks
No known risks are involved with this research.

Benefits
There may or may not be any direct benefit to you from these procedures. You may, however, learn more about evaluating and managing your finances.

Offer to Answer Questions
If you have questions you may contact Dr. Jean Lown at 797-1569 or lown@cc.usu.edu or Alena Johnson at 797-1562 or alena@cc.usu.edu. You may call the Institutional Review Board at (435) 797-1180 for more information about your rights as a research participant.

Cost
The cost of the Financial Checkup booklet is $3.

Right To Withdraw Without Consequence
Participation in this research is entirely voluntary. You may refuse to participate or withdraw at any time without consequence.
Confidentiality
Research records will be kept confidential to be consistent with federal and state regulations. Only the investigators will have access to the data and anything with your name on it will be kept in a locked file cabinet in a secure room. Your name will never be attached to or associated with the surveys you fill out. The results of the study may be presented at professional meetings and published in professional journals but your name will never be revealed or associated with your responses. We are interested in general results, not individual responses.

IRB Approval Statement
The Institutional Review Board (IRB) for the protection of human subjects at Utah State University has reviewed and approved this research project.

Copy of Consent
You have been given two copies of this Informed Consent. Please sign both copies and retain one copy for your files.

Investigator Statement
I certify that the research study has been explained to this individual by my research staff, and that the individual understands the nature and purpose, the possible risks and benefits associated with taking part in this research study. Any questions that have been raised, have been answered.

Signature of PI and Student:

(Signature of the PI)
Dr. Jean M. Lown
Principal Investigator
797-1569
lown@cc.usu.edu

(Signature of Student)
Alena C. Johnson
Graduate Student
797-1562
alena@cc.usu.edu

I agree to participate in this study.

Signature of Participant

(Signature of participant) (Date)
Appendix B. Survey
FINANCIAL CHECKUP SURVEY

Please fill in the blank or circle the most correct answer. Your name will be confidential and never connected to the survey at any time.

1. What is your age? __________

2. What is your sex? a. Male b. Female

3. Circle the letter corresponding to your current marital and family status:
   a. Never married without dependent child(ren)
   b. Never married with dependent child(ren)
   c. Married without dependent child(ren)
   d. Married with dependent child(ren)
   e. Divorced without dependent child(ren)
   f. Divorced with dependent child(ren)
   g. Widowed without dependent child(ren)
   h. Widowed with dependent child(ren)

4. Circle the highest level of education that you have completed:
   a. Less than high school
   b. Completed high school
   c. Some college
   d. Two year degree
   e. Four year degree
   f. Advanced degree

5. Circle your total annual household income:
   a. Under $19,999
   b. $20,000 to $39,999
   c. $40,000 to $59,999
   d. $60,000 to $79,999
   e. $80,000 to $99,999
   f. Over $100,000

6. Circle the most accurate statement:
   a. I have completed a Net Worth Statement (or Balance Sheet) in the last year.
   b. I have not completed a Net Worth Statement (or Balance Sheet) in the last year.
   c. I am not sure what a Net Worth Statement (or Balance Sheet) is.

7. Circle the most accurate statement:
   a. I have completed an Income & Expense (or Cash Flow) Statement in the last year.
   b. I have not completed an Income & Expense (or Cash Flow) Statement in the last year.
   c. I am not sure what an Income & Expense (or Cash Flow) Statement is.

8. Circle the most accurate statement:
   a. I have used a written budget in the last year.
   b. I have not used a written budget in the last year.
   c. I am not sure what a written budget is.
In each of the areas listed below, please indicate which of the following responses best describes how you feel about your current financial situation in relation to that financial topic. "Problems" are any concerns you have about that financial topic. There are five possible responses:

DK = Don't Know. I don't know if I have problems in this area.

AP = Aware of Problems. I am aware of problems in this area, but do not have current plans to take action in the next three months to work on these problems.

CP = Current Plans. I am aware of problems in this area and I have plans to take action in the next month to help resolve these problems.

TA = Taking Action. I am currently taking action to help resolve problems in this area.

NLP = No Longer a Problem. I have had problems in this area in the past but I continually take action to make sure I don't have problems again.

DNA = Does Not Apply. This topic does not apply to my situation.

Please circle the most correct answer and only one answer.

<table>
<thead>
<tr>
<th>FINANCIAL TOPIC</th>
<th>DK</th>
<th>AP</th>
<th>CP</th>
<th>TA</th>
<th>NLP</th>
<th>DNA</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEBT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>DNA</td>
</tr>
<tr>
<td>SAVINGS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>DNA</td>
</tr>
<tr>
<td>RETIREMENT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>DNA</td>
</tr>
<tr>
<td>TAXES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>DNA</td>
</tr>
<tr>
<td>HOMEOWNERS/RENTERS INSURANCE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>DNA</td>
</tr>
<tr>
<td>AUTO INSURANCE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>DNA</td>
</tr>
<tr>
<td>LIFE INSURANCE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>DNA</td>
</tr>
<tr>
<td>HEALTH INSURANCE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>DNA</td>
</tr>
<tr>
<td>DISABILITY INSURANCE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>DNA</td>
</tr>
</tbody>
</table>

Comments:

Thank you!
Appendix C. Verbal Instructions for Participants
This is the information that was read by Alena Johnson to the participants at each workshop before they fill out the first survey.

“Thank you very much for being willing to be part of this research. I appreciate your help. As you fill out the survey, please be very honest. Don’t mark answers that you think will help the research, just mark honest answers.

“Please look on the back side of the survey. The chart on that side has topics from The Financial Checkup. For each topic you will circle the most correct answer for you.

“The first possible choice is DK. This is the correct answer if you ‘don’t know’ if you have a problem. You would want to answer this if you are just not sure where you stand in that area.

“The next possible choice is AP - aware of problems. If you know that you have a problem in this area but do not have current plans to take action in the next three months to work on these problems, you would answer AP.

“Next is CP - current plans. This would be the most appropriate answer if you were aware of problems and have plans to work on those problems in the next three months, but you have not taken any action yet.

“Then there is TA - taking action. This is the appropriate answer if you are actually taking action. Therefore, if you don’t mark this one at the beginning of the workshop, you really could not mark it by the end of the workshop. It would not be possible for you to take action during the workshop.

“Then there is NLP - no longer a problem. If you have had a problem with this area in the past, but you took action and it is no longer a problem now, you would mark this answer.

“Finally, there is DNA - does not apply. If your situation is such that you have NEVER had a problem in this area you would choose this answer. For example, if you have never owned a vehicle, you could not have had a problem in the area of auto insurance.

“Do you have any questions?

“Please circle only ONE answer - even if you can’t decide. Your results will have to be thrown out if you mark more than one answer.

“Again, thank you for your participation.”
Appendix D. Workshop Outline
Workshop Outline

Introduction
1) welcome participants,
give background of instructor,
tell about the Family Life Center,
explain the research project,
2) read the dialogue, have participants fill out survey 1,
3) ask why people go for an annual physical checkup (prevention),
   explain that The Financial Checkup can prevent a lot of financial problems,
   state information about bankruptcy, savings, retirement, insurance,
4) state the three questions The Financial Checkup will answer,
   give an overview of The Financial Checkup,
tell participants to copy each worksheet before completing (permission is given to copy worksheets),
   explain about quick boxes,
   explain the purpose of the checklist from chapter 1.

Net Worth Statement
1) describe a Net Worth Statement as a "snap shot" of finances,
2) explain how to complete a Net Worth Statement
   begin with assets,
   liquid assets are cash or near cash items,
   tangible assets are physical assets (use fair market value),
   investment assets are assets that are for future use,
   assets are totaled,
   liabilities are debts,
   liabilities are written as balances, not the monthly payment,
   liabilities are totaled,
3) demonstrate how to subtract liabilities from assets to determine net worth,
4) explain that a Net Worth Statement can be done every year to show progress,
   this form will be used for ratios.

Income and Expense Statement
1) explain that this statement is also used for ratios,
2) describe methods of gathering information, tracking or estimating,
3) explain how to complete an Income and Expense Statement
   expenses for one month are entered on the statement,
   monthly payments for debt are entered, not total amount due,
   savings are included as an expense,
   expenses should not be counted twice (such as once with ATM withdrawal
and once when spent),
expenses are totaled,
all income for one month is entered on statement,
5) demonstrate how to determine net gain or loss by subtracting expenses from
income,
savings and investing are written down separately.

Financial Ratios
1) discuss financial ratios as guidelines for debt and savings,
2) state that information for ratios comes from the Net Worth Statement and the
Income and Expense Statement,
2) define the Basic Liquidity ratio as showing how long a person could live on
their liquid assets if they had no other income,
liquid assets are divided by monthly expenses,
the recommended ratio is 3.0 or above,
3) define the Debt-to-Asset ratio as showing if more is owed than owned,
total liabilities are divided by total assets,
a ratio over 1.0 is insolvent, below 1.0 is solvent,
4) define the Debt payment-to-Income ratio as showing the ability to make current
debt payments,
annual debt payments are divided by gross income,
recommendation is .36 or below,
5) discuss that individuals should set their own limits for debt, ratios can be a
guideline.

Savings
1) explain that savings need to come out of paychecks at the beginning like bills,
four types are recommended,
2) describe the first type, emergency savings,
it can prevent major financial problems,
experts recommend about 3 months worth of income,
places to keep it,
3) describe the second type, revolving savings,
it is for irregular expenses,
fill out worksheet,
monthly amount should be incorporated into a budget,
where to keep it,
it may take a few months to get ahead, it is good to pad the account when
possible,
where to keep it,
it works well with automatic withdrawal,
4) describe the third type, for future purchases,
plans should be made to save for purchases,
paying cash will save a lot of money,
where to keep it depends on the time frame,
5) state that the fourth type is retirement and is covered in the next chapter.

Retirement
1) state that the best time to think about retirement is now,
    retirement is usually supported by three areas: social security, employer-sponsored retirement plans, savings and investment,
2) demonstrate how to complete the worksheet,
    there is a lot of guess-work, educated guessing is better than doing nothing,
    the time value of money is the key to retirement savings,

Taxes
1) state that the coverage on taxes is very brief,
    a large or a small refund should be compared,
    all available tax credits should be used,
    individuals should seek new information and keep current,

Insurance
1) inform that not having adequate insurance can cause major financial problems,
    all major losses should be insured against,
    small losses should be insured against only if the insurance is inexpensive,
    deductibles can be raised to keep premiums lower,
2) explain that renters insurance is good to get if an individual has very much personal property,
3) state that homeowners insurance is necessary if an individual has a mortgage,
    "replacement cost coverage" is the best coverage,
    individuals should have the amount of coverage on their home as it would cost to rebuild,
    endorsements may be needed,
    added disaster coverage may be needed,
    a home inventory can be very helpful,
4) explain that with auto insurance, liability coverage is the most important part
    and the least expensive,
    check liability coverage,
    comprehensive and collision may not be necessary on older vehicles,
5) state that health insurance is necessary for at least major problems,
6) explain that disability insurance is often over-looked but very important,
    "own-occupation", or "any-occupation" should be evaluated,
    social security is "any-occupation",
an emergency fund can cover the waiting period, a longer waiting period will keep premiums lower,
7) state that life insurance is necessary if someone is dependent on an individual’s income,
the worksheet can be a guide for determining life insurance,
two basic types: term and cash-value,
advantages and disadvantages of each,
8) explain that other types of insurance are often not necessary if the previous are adequately covered.

Goals
1) explain that chapters 1-8 looked at “Where are you now?”
chapter 9 asks the question, “Where do you want to go?”
2) describe how information that individuals put on the check list from chapter 1 can be used to create goals,
goals should be made for short, intermediate, and long-term,
goals need to be specific and realistic,
plans to reach the goals should be included,
goals may need to be prioritized,
goals should be evaluated each year.

Budgeting
1) discuss that budgeting has many positive aspects, it can be a road to freedom,
budgeting is the key to the third question, “How do I get there?”,
2) describe budgeting steps,
start with goals,
write down income,
estimate expenses and remember the revolving savings,
control expenses throughout the month by using the envelope system,
checkbook tracking, a worksheet, or a computer program,
evaluate the budget frequently.

Other Information
1) state that individuals should look at their credit reports periodically,
2) state that individuals need a will and they should evaluate it periodically,
3) conclude,
doing a financial checkup every year many financial problems can be avoided such as bankruptcy, mortgage default, low retirement, low savings, debt problems,
if they want more help, it can obtained at the Family Life Center,
by doing The Financial Checkup annually, peace of mind can be obtained and individuals can get a “clean financial bill of health”.
Appendix E. Institutional Review Board Approval
MEMORANDUM

TO: Jean Lown
    Alena Johnson

FROM: True Rubal, IRB Administrator

SUBJECT: Evaluating a Financial Assessment Tool: The Financial Checkup

Your proposal has been reviewed by the Institutional Review Board and is approved under exemption #2.

X There is no more than minimal risk to the subjects.
X There is greater than minimal risk to the subjects.

This approval applies only to the proposal currently on file for the period of one year. If your study extends beyond this approval period, you must contact this office to request an annual review of this research. Any change affecting human subjects must be approved by the Board prior to implementation. Injuries or any unanticipated problems involving risk to subjects or to others must be reported immediately to the Chair of the Institutional Review Board.

Prior to involving human subjects, properly executed informed consent must be obtained from each subject or from an authorized representative, and documentation of informed consent must be kept on file for at least three years after the project ends. Each subject must be furnished with a copy of the informed consent document for their personal records.

The research activities listed below are exempt from IRB review based on the Department of Health and Human Services (DHHS) regulations for the protection of human research subjects, 45 CFR Part 46, as amended to include provisions of the Federal Policy for the Protection of Human Subjects, June 18, 1991.

2. Research involving the use of educational tests (cognitive, diagnostic, aptitude, achievement), survey procedures, interview procedures or observation of public behavior, unless: (a) information obtained is recorded in such a manner that human subjects can be identified, directly or through the identifiers linked to the subjects; and (b) any disclosure of 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.
Appendix F. Pilot Study Data
### Table 14

**Stages of Change (in Frequencies)**

<table>
<thead>
<tr>
<th>Survey</th>
<th>NP</th>
<th>DK</th>
<th>AP</th>
<th>CP</th>
<th>TA</th>
<th>NLP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pretest</td>
<td>26</td>
<td>14</td>
<td>11</td>
<td>5</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Posttest</td>
<td>21</td>
<td>9</td>
<td>12</td>
<td>9</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>3 month</td>
<td>31</td>
<td>9</td>
<td>4</td>
<td>3</td>
<td>17</td>
<td>8</td>
</tr>
</tbody>
</table>

*Note. N = 8, 9 questions*

### Table 15

**Net Worth Statement Completed in the Last Year (in Frequencies)**

<table>
<thead>
<tr>
<th>Survey</th>
<th>Yes</th>
<th>No</th>
<th>DK*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-test</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Post-test</td>
<td>2</td>
<td>6</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>3 Month</td>
<td>3</td>
<td>5</td>
<td>0</td>
<td>8</td>
</tr>
</tbody>
</table>

*Note. N = 8

*aIndicates they did not know what a net worth statement is.*
Table 16

Income and Expense Statement Completed in the Last Year (in Frequencies)

<table>
<thead>
<tr>
<th>Survey</th>
<th>Yes</th>
<th>No</th>
<th>DK&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pretest 2</td>
<td>4</td>
<td>2</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Posttest</td>
<td>2</td>
<td>6</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>3 month</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td>8</td>
</tr>
</tbody>
</table>

Note.  N = 8

<sup>a</sup>Indicates they did not know what an income and expense statement is.

Table 17

Written Budget Completed in the Last Year (in Frequencies)

<table>
<thead>
<tr>
<th>Survey</th>
<th>Yes</th>
<th>No</th>
<th>DK&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pretest 5</td>
<td>3</td>
<td>0</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Posttest</td>
<td>5</td>
<td>3</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>3 month</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td>8</td>
</tr>
</tbody>
</table>

Note.  N = 8

<sup>a</sup>Indicates they did not know what a written budget is.
Appendix G. Additional Tables
Table 18

Difference Between Control Group and Treatment Group on Survey One

<table>
<thead>
<tr>
<th>Financial topic</th>
<th>$\chi^2$</th>
<th>N</th>
<th>df</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>2.94</td>
<td>110</td>
<td>1</td>
<td>.09</td>
</tr>
<tr>
<td>Savings</td>
<td>.37</td>
<td>110</td>
<td>1</td>
<td>.54</td>
</tr>
<tr>
<td>Retirement</td>
<td>.80</td>
<td>108</td>
<td>1</td>
<td>.37</td>
</tr>
<tr>
<td>Taxes</td>
<td>1.95</td>
<td>109</td>
<td>1</td>
<td>.16</td>
</tr>
<tr>
<td>Homeowners insurance</td>
<td>.31</td>
<td>109</td>
<td>1</td>
<td>.58</td>
</tr>
<tr>
<td>Auto insurance</td>
<td>.36</td>
<td>109</td>
<td>1</td>
<td>.55</td>
</tr>
<tr>
<td>Life insurance</td>
<td>.05</td>
<td>110</td>
<td>1</td>
<td>.83</td>
</tr>
<tr>
<td>Health insurance</td>
<td>.09</td>
<td>109</td>
<td>1</td>
<td>.76</td>
</tr>
<tr>
<td>Disability insurance</td>
<td>1.20</td>
<td>110</td>
<td>1</td>
<td>.27</td>
</tr>
</tbody>
</table>
Table 19

Differences Between Survey One and Two for the Control Group

<table>
<thead>
<tr>
<th>Financial topic</th>
<th>$\chi^2$</th>
<th>N</th>
<th>df</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>2.61</td>
<td>36</td>
<td>4</td>
<td>.62</td>
</tr>
<tr>
<td>Savings</td>
<td>6.84</td>
<td>36</td>
<td>4</td>
<td>.14</td>
</tr>
<tr>
<td>Retirement</td>
<td>4.75</td>
<td>36</td>
<td>5</td>
<td>.45</td>
</tr>
<tr>
<td>Taxes</td>
<td>4.78</td>
<td>36</td>
<td>5</td>
<td>.44</td>
</tr>
<tr>
<td>Home insurance</td>
<td>7.32</td>
<td>36</td>
<td>5</td>
<td>.20</td>
</tr>
<tr>
<td>Auto insurance</td>
<td>5.82</td>
<td>36</td>
<td>5</td>
<td>.32</td>
</tr>
<tr>
<td>Life insurance</td>
<td>3.30</td>
<td>36</td>
<td>5</td>
<td>.65</td>
</tr>
<tr>
<td>Health insurance</td>
<td>3.04</td>
<td>36</td>
<td>5</td>
<td>.69</td>
</tr>
<tr>
<td>Disability insurance</td>
<td>3.44</td>
<td>36</td>
<td>5</td>
<td>.63</td>
</tr>
</tbody>
</table>
Table 20

Differences Between Survey One of Those in the Treatment Group That Returned Survey Three and Those That Did Not

<table>
<thead>
<tr>
<th>Financial topic</th>
<th>$\chi^2$</th>
<th>N</th>
<th>df</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>1.94</td>
<td>71</td>
<td>5</td>
<td>.86</td>
</tr>
<tr>
<td>Savings</td>
<td>3.40</td>
<td>71</td>
<td>5</td>
<td>.64</td>
</tr>
<tr>
<td>Retirement</td>
<td>2.67</td>
<td>70</td>
<td>5</td>
<td>.75</td>
</tr>
<tr>
<td>Taxes</td>
<td>1.47</td>
<td>71</td>
<td>5</td>
<td>.92</td>
</tr>
<tr>
<td>Home insurance</td>
<td>1.76</td>
<td>70</td>
<td>5</td>
<td>.88</td>
</tr>
<tr>
<td>Auto insurance</td>
<td>9.03</td>
<td>70</td>
<td>5</td>
<td>.11</td>
</tr>
<tr>
<td>Life insurance</td>
<td>1.67</td>
<td>71</td>
<td>4</td>
<td>.80</td>
</tr>
<tr>
<td>Health insurance</td>
<td>10.63</td>
<td>70</td>
<td>5</td>
<td>.06</td>
</tr>
<tr>
<td>Disability insurance</td>
<td>1.00</td>
<td>71</td>
<td>4</td>
<td>.91</td>
</tr>
</tbody>
</table>