

NC-1172 The Complex Nature of Saving: Psychological and Economic Factors
Annual Meeting Minutes
Wednesday, July 31, 2013, 8:00 a.m. EST – 5:00 p.m.

1. Roll Call

Committee Members in Attendance:

Michael Gutter, Chair – University of Florida via Skype
Soo Hyun Cho, Vice Chair – South Dakota State University
Sheri Worthy, Secretary – University of Georgia
Jinhee Kim – University of Maryland
Tim Griesdorn – Iowa State University
Cathy Bowen– The Pennsylvania State University
Elizabeth Kiss, Kansas State University
Jean Lown – Utah State University
Ernie Minton, Associate Director Research, Kansas State University
Teresa Mauldin – University of Georgia

Committee Members not in Attendance:

David Evans – Indiana Cooperative Extension
Sharon DeVaney – Purdue University, Emeritus
Catherine Solheim, University of Minnesota
Liz Gorham – South Dakota State University, Emeritus
Michael Cheang – University of Hawaii
Palaniappa Krishnan – University of Delaware

Welcome/Logistics/Review of the Agenda. Soo welcomed everyone to the last NC 1172 face-to-face meeting. As of October 1, we will be NC 2172. She reviewed the agenda. Reviewing and writing the impact report will be the biggest task for today. Also we need to select a new vice president and review what next project will be and explore some data sets. There were no additions to the minutes.

Approval of the Minutes from June 2013

Minutes from the August 2012 meeting had been approved at our mid-August conference call 2012. Elizabeth Kiss moved and Michael Gutter seconded approval of the June 28, 2013 minutes. All were in favor.

Update from Ernie Minton

Dr. Minton complimented us on our proposal. It was approved with no corrections. On May 13 he received notice of approval and that we will be known as NC 2172 as of October 1, 2013 (through September 30, 2018). Our new project will be entitled, “Behavioral economics and financial decision making.” The report of this meeting will be due 60 days after completion of the project. According to Minton, NIFA is more interested in how federal investments result in impact and how multi state projects can impact behavioral or economic or social change. There is assistance available by a professional impact writer. If we have ideas for photos, etc. please let Dr. Minton know. There is an annual cash award for multi-state projects. Dr. Minton encouraged us to look into this and will share the details if we are interested. There may be few other projects that apply and it would bring visibility to

our project. We would attend APLU in November to receive the award. This award has been around 3-4 years.

Jinhee asked about potential funding opportunities. Dr. Minton said he could help us explore opportunities and knows that student loan debt is a hot topic right now. He thinks our topic is unique and should have access to funding.

Michael asked if there was a trend across campuses to coordinate with other states for multi-state projects and funding opportunities, or if there were funding opportunities specifically for experiment station scientists who are on multi-state projects. Dr. Minton reported that, yes, The Ohio State Experiment Station director reported on a tri-state project they had put together, each contributing about \$50,000. He will investigate and get us more information about this potential. Each university has their own policy for whether or not they give extra funding for multi-state project participation. Most of our universities give us a lump sum to help with travel. That lump sum is usually very low. This might be something we can each work on at our own campuses.

Paper Updates

The Risk Tolerance paper has been accepted for *Journal of Financial Counseling and Planning* and should be in press soon. The Self Efficacy paper is in second revision with the *Journal of Family and Economic Issues*. It was sent in 2 weeks ago and hopefully it will be accepted. One of Michael Gutter's graduate students is working about 15 hours per week on the Housing paper review of literature. Analyses may need to be re-run after this literature revision. The goal is to have a working draft of the paper in 3-4 weeks.

Teresa and a graduate student have submitted a paper to the *Journal of Financial Counseling and Planning*. Another student of Teresa's is using structural equation modeling for the *Journal of Consumer Affairs*. The student has created a construct called consumer financial vulnerability. Teresa would like some of us to read this paper. A third student is using the Theory of Planned Behavior for her thesis, but the time clock is running out and the student is not making progress. Cathy and Teresa have a model developed for a facilitators and barriers paper for the *Journal of Financial Counseling and Planning*. Teresa is still interested in working on the marital status variable.

There was discussion that JFCP is taking longer and longer to get reviews and take a long time to get printed. We may need to investigate other sources to publish in. JFCP is only published 2 times per year. Another option is the *International Journal of Consumer Studies*. They use Harvard style and will not accept anything that has been presented at a conference. FCSRJ is another possibility for published. The *Journal of Human Sciences and Extension* may be another option. The *Journal of Economic Psychology*, a European journal, is heavy on experimental design, so may be an opportunity with some of our new data.

Funding Issues

Michael and Elizabeth with Barbara O'Neill's group sent in a pre-proposal to FINRA about how the interrelationship between health insurance literacy and debt affect financial security. They were not invited to prepare a larger proposal. Perhaps NC 1172 could collaborate with this other group. For future FINRA funding, we need to investigate how we can align with their goals more closely. There is a lot of competition.

USDA/NIFA does have money to host some subject matter conferences. Tim Griesdorn also mentioned a database he has that could contribute to this data.

NC 2172 Membership. According to the NIMSS website, the following are officially on the project. Cathy Bowen, Michael Cheang, Soo Hyun Cho, Sharon DeVaney, David Evans, Tim Griesdorn, Michael Gutter, Jinhee Kim, Elizabeth Kiss, Palanaiappa Krishnan, Ina Linville (Missouri Cooperative Extension), Jean Lown, Teresa Mauldin, Sheri Worthy, and Yilan Xu (University of Illinois). Some new people on this project were not invited to this meeting. We need to be sure to reach out to these members, especially Yilan Xu from University of Illinois and Ina Linville from Missouri Cooperative Extension.

Leadership Rotation

2013 is the odd year that we elect a new Vice Chair. The Vice Chair will become the Chair in 2015. Vice Chair will shadow the Chair and learn how to operate the meetings. The Vice Chair serves as a backup for the Chair. Cathy Bowen gave a good overview of the duties of the Vice Chair and the Chair. Michael Gutter was nominated by Jean Lown, seconded by Tim Griesdorn. All were in favor.

Review of Impact Report

The group divided into teams and work on the impact report. The final version is saved on Dropbox under "final report" folder.

Review the Plan of Work for NC 2172 Behavioral Economics and Financial Decision Making

We plan to do some preliminary data analysis using our existing data looking at the 3 focus research areas. We also plan to supplement with new data collection. Some other data sets we can use to look at student loans, retirement, and mortgage were discussed:

- Community Advantage Panel Survey (CAPS) conducted by the Center for Community Capital. Collected information from mortgage holders and renters. www.ccc.unc.edu
The center is conducting a long-term study of nearly 50,000 low-income homeowners who obtained mortgages through the path-breaking \$4 billion Self-Help/Fannie Mae Community Advantage Program. - See more at:
<http://www.ccc.unc.edu/projects.php#sthash.PrHUPPLGT.dpuf>
- Small Steps to Health and Wealth data
- FINRA financial capability data
- NLSY79
- Data from Equifax
- PSID
- Families in Transition dataset. The student loan information is broken out and several psychological variables are being collected on kids from 7 years old to their 30s (every 2 years).

Families in Transition Data

Tim gave an overview of this data set. This longitudinal data set was started in 1989. To be selected, respondents had to be part of a married couple with 1 child in 7th grade and another sibling 4 years older/younger. The data collection started in rural Iowa, but not just farmers. Researchers did a random selected from all 7th graders in Iowa. In 1991 they added single mothers. Multi million dollars have been invested in this data set. Researchers initially interviewed the parents, target child, and sibling – every other year for 4 waves. They then interviewed the target child and significant other every other year.

The interview is a 2-day in person interview. Some video data is captured. Families work through conflict management tasks. Retention rate is over 90% for the panel. Target children are now having children and they're monitoring them as well. The data collected was about economic stress initially, asking about income reductions, drug/alcohol abuse, net worth, psychological variables (self efficacy, self esteem, self control, target mastery, locus of control) material needs, negative economic events/financial concerns, forecasting economic conditions, physical and mental health, and money conflicts. We could look at anything from financial socialization to use of debt for school. Not much has been done with this data looking at personal finance. There are now at least 14 waves of survey information. They have collected saliva from subjects for biomarkers. The most recent data was collected 2011.

Discuss about the Future of the Project

Jinhee thought we need to discuss where we are headed with this project. Do we want to link to common data sets to answer the big research questions? So rather than collecting our own data, we can link to several other data sets.

Soo asked about how do we link the outputs we already have could be linked to future research. We've shown with the previous project that there is a link between how people think about their finances and how they behave. Tim thinks this leads into creating our own experimental designs and looking at causalities. So for example, is self control predicting these financial behaviors or the reverse? With a longitudinal data set we can start to show some of those causal paths. Then we can do some experimental designs to test those causal paths. Revisiting our new NC 2172 proposal, we hope to do a lot of experimental and quasi-experimental data analysis.

Were there reviewer comments that we could use to improve our research for the future? The data is not represented enough. A large portion of our sample is retired due to SSI's sampling technique. Our restrictions were income.

Student Loan Project

Michael is working with some of his colleagues investigating choices students are making. They are using something similar to mortgage simulation decisions. They are using a treatment and non-treatment group. The treatment group was asked to read a disclosure statement before making decisions and answering questions. Financial literacy and whether they understood Truth in Lending Act were relevant. They are working on putting together similar types of simulations to test college student hypothetical decisions. Interested in what choices students make in funding their career goals. Thought about looking at freshmen, but then interested in looking at how these decisions change over time (through college). If method is sound, perhaps look at using high school students for data collection. May want to look at parents too. Michael is happy for anyone who would like to be involved. Cathy has a possibly collaborative program on her campus, but focusing on non traditional age, adult students. Tim is working on a seed grant with college seniors, using biofeedback when reviewing their student loan debt and payback options versus reading non personal information. Looking at how financial counseling may alleviate this stress.

Housing and Student Loan Research Questions [minutes from Tim]

We may not have the expertise needed to complete the experimental research in this area. Who do we know that might be interested in the methodology side of the house? The sociologist from Ohio State who gave a talk on student loan debt at Boulder CO conference might be one example, Rachel Dwyer.

Cezilia Liobl from Ohio State might be another example. (Soo might be able to reach out to her as she was on her committee.) What are parents doing to save for college? Do urban or rural kids get more support to go to college? Student loans are a hot topic right now, we might be able to get more financial support for research in this area.

We should tackle student loan research first then use the expertise gather in this area to the other topics. Topics versus financial decision making – need to use the topics to get at the root of financial decision making. Try to leverage from the previous research that we have already done. Socialization or psychological variables with regard to student loan decisions. Are they making different decisions now that there has been more information available? NEFE interested in young adult audience, so we need to look and see what we can do to build off our research findings. High school students exposed to NEFE curriculum vs those who have not been – Do they make different student loan decisions? Ways of delivering information at time of need. BYU workbook, student loans, job, etc. Future plans and how much can I reasonably borrow. Who funds educational research? Department of Education. Financial literacy for Native Americans. Other questions of retention and academic achievement.

Existing data workgroup

Workgroup that thinks about potential funding

Literature workgroup

Journal of Student Financial Aid potential outlet for research. Elizabeth, Tim and Soo are the people who need to publish the most for the tenure and promotion process. Should start with a financial decision-making model. Health promotion literature very rich for models on behavioral change. Proceed Framework use Phase 4 from this model.

Meeting Minutes Continued

Thursday, August 01, 2013

9:00am - noon

Announcement: Everyone needs to post any published papers, presentations, and posters into Dropbox under the “Project Outputs” folder.

Experimental Design Presentation

Dilip Soman, PhD, University of Toronto gave an Adobe Connect presentation to the group about Experimental Design. PowerPoint presentation is posted in Dropbox under “Minutes.”

Summary Discussion with Dilip [Tim’s minutes]

Summary suggestion from Dilip – start simple and then add complexity. We can start in the lab and then move to field experiment. Start with a simple 2 by 2 design and then add on additional variables. Sample size: Rule of thumb, need at least 50 per condition. Continuous scale at least 25 per condition. Incentives: extra credit, paid experiment \$14-\$15 per hour of experiment time, can also pay extra for accuracy in completing the study/survey. Field studies need to establish partnerships with other companies or agencies. Avoid experiments where people have to ingest food or drink to simplify the IRB process. Suggest that we consider using the presenter as a consultant when applying for a grant.

Families in Transition Dataset

Soo, Tim and Elizabeth will take a closer look at the dataset. Not sure when the next iteration of the dataset will be.

Next Steps

Start to think of the questions that we want to ask. Literature review is needed first. Figure out the implications from NC-1172 and see how they apply. Elizabeth volunteered to look at journal articles from NC-1172, and will be in the literature review group. Jean also volunteered with Cathy and Teresa. Need to determine who funded the research in the literature review articles. Jinhee will follow-up with FINRA foundation and datasets. Michael to focus on data analysis.

Need to write final report, and polish impact statement. Chair will take the responsibility for the final report. Need to create a factsheet that combines all the publications. Soo's graduate student will work on this.

FERMA – Financial Security for All or similar presentation. Primarily an Extension audience.

Create a dropbox folder for funding opportunities with a template.

Literature review sheet – Teresa to provide to help provide some focus and consistency.

NCFR – Consider using the Families in Transition dataset to submit a paper to this conference. Deadline Jan. - Feb. timeframe. 2014 Baltimore.

ACCI – Oct. 14th deadline for submissions.

Literature review team – focus on student loans. Another group to look at quasi-experimental design was suggested.

Behavior Economics Group - Monitor website to see what is being published in the area. Society of Judgment and Decision Making. Academy of Behavioral Economics. Create list of conferences in dropbox.

Try to continue to actively recruit additional members to the team.

Need to create a separate folder for NC2172.

Upcoming Conference Calls and Next Year's Meeting:

Conference call times 2nd Fridays at 1pm EST (with the exception of August and December).

August 16th

September 13th

October 11th

November 8th

December 6th

Use the same teleconference line and passcode. Invite the new people to these meetings. Assume same schedule for Spring, will confirm dates as the time draws closer.

Next year's meeting:

Elizabeth is investigating Chicago, IL options. Found 2 properties with free shuttle and thought prices would be government rates. Michael will investigate Tampa, FL. Jean will investigate Salt Lake City, UT. Air fares were very high.

Consider trying to move Annual Meeting to coincide with the Boulder Annual Conference. The date is in late May 18-20. Consider moving the meeting to Denver a day after the meeting. Michael to get additional information about this option. We will make final decision next meeting.

Jean to organize a meeting at AFCPE for this group. Cathy, Jean, Elizabeth, Tim, & Jin Hee will all be attending this meeting.

Respectfully submitted by Sheri Worthy with assistance from Tim Griesdorn,

Sheri Lokken Worthy

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