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Personal Finance Education: Preferred Delivery Methods and Program Topics

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Abstract

This paper describes a study of learner preferences for personal finance educational delivery methods and program topics. Responses were received from a sample of 520 New Jersey and New York MONEY 2000™ program participants, who were asked to select three responses to the questions "How do you prefer to receive financial information?" and "What financial topics are you most interested in learning more about?" The most preferred program delivery method was newsletters, followed by classes/seminars, fact sheets, and one-on-one counseling. The most preferred program topic was best day-to-day financial practices, followed by reducing expenses/living on less income, general investing, and retirement planning. Chi-square tests were conducted between each of the delivery method and program topic variables and demographic characteristics of respondents and length of program enrollment. Over a dozen significant differences were found among audience types for preferred program content and delivery.

At perhaps no other time in American history has personal finance education been so important to so many people. First, there are about 77 million baby boomers (currently age 36 to 54) facing retirement within the next one to three decades. In addition, many workers participate in defined contribution retirement plans (e.g., 401(k)s) where they bear the risk of decisions about whether, where, and how much to invest. Increased media attention and educational campaigns by government and non-profit agencies have also highlighted the need for saving and making wise financial decisions.

A challenge to financial educators is to create curricula that appeal to the interests and needs of learners. Selection of appropriate delivery methods is also critical so that information is easily accessible. Several recent studies have investigated preferred delivery methods and topics of interest to adult learners, as well as the effects of personal finance education. Hogarth and Swanson (1995) used focus groups to study appropriate teaching methods for limited resource audiences. They concluded that there was a clear preference for hands-on program delivery methods and small group sessions with peers with similar life experiences. Board and Lytton (1993) also used focus groups to study preferences for personal finance information and education. They found nine common themes from focus group responses, including the fact that subjects preferred talking to someone who could relate to them and didn't judge them, were unaware of sources of help, were embarrassed to seek assistance about financial management, and preferred low-cost information.

Grable and Joo (1998) found a statistically significant relationship between financial education and the following variables: risk tolerance, financial knowledge, and saving/investing behavior. As a result of learning more about money, people are more willing to take financial risks and change their financial behavior. Financial education also appears to "level the playing field" with respect to gender differences. Grable and Joo (1999) also found that, while men and women differed in terms of financial knowledge and attitudes before receiving financial education, these differences disappeared afterwards. As described in Bloom's (1956) Taxonomy of Learning Objectives from the Cognitive Domain, learners appear to progress from the most concrete level (knowledge) to more abstract levels such as application, analysis, and synthesis as a result of increasing knowledge.

In another study, Bayer, Bernheim, and Scholz (1996) found that participation in and contributions to voluntary savings plans are significantly higher when employers offer retirement seminars. This effect is stronger for non-highly compensated employees than for highly compensated workers. The 1998 Retirement Confidence Survey (Yakoboski and Ostuw, 1998) also found a link between financial education and savings. Among workers who attended seminars or received educational material about savings and retirement planning through their employers during the past year, 43 percent reported that they changed the amount contributed to a retirement savings plan, and 43 percent changed their asset allocation. Over time, even small changes in financial behavior become significant. Saving 1 percent or 2 percent more of pay, or earning a slightly higher average investment return, can result in tens of thousands of dollars more accumulated for retirement.

Studies have also been conducted regarding desired financial education program topics. Kim, Bagwell, and Garman (1998) investigated topics of interest to participants in a workplace financial education seminar. Investing (78.2 percent) and retirement planning (69.2 percent) were of most interest to respondents. Other topics that garnered a more than 40 percent response were early retirement, budgeting, and cash management. The least frequently identified topics of interest were living trusts and consumer protection laws. Similar results were found by O'Neill, Bristow, and Brennan (1999). In a study of 248 personal finance conference participants, the most frequently-cited learning need was investing (19.8 percent). When combined with "specific investment products" and "diversification/asset allocation," more than a quarter (26.2 percent) of respondents wanted to learn about this topic. The second most frequently mentioned topic was retirement planning or a specific type of retirement plan (e.g., IRA).

Retirement planning as a topic of high interest concurs with a study by Olsen and Smith (1997). They surveyed 98 midwest adults about their interest in family and consumer sciences subject matter and found "planning for retirement" to be the topic with the highest mean score. Retirement planning also ranked as the most desired financial education program topic (60.5 percent) in a study of white collar clerical workers (Joo and Garman, 1999, 1998), followed by investing (48.7 percent), budgeting (42.1 percent), and getting out of debt (36.2 percent). Respondents' choice of desired financial education program was found to be related to five demographic variables, including age. Older participants were more interested in understanding employer benefits, retirement planning, and estate planning, while younger respondents were more likely to want financial education on credit management, college planning, budgeting, and buying a home. Educational level was also related to the desire for specific program topics. Those with higher educational levels were more likely to want education on investing and retirement planning. The other three variables that showed significant relationships with desired financial education topics were household income, housing tenure, and number of dependents.

Findings of the studies described above indicate that learners are interested in a number of personal finance topics, with the highest amount of interest in investing and retirement planning. They also suggest that learners' age and socioeconomic level (e.g., income and education) are related to interest in specific program topics. This study was conducted to add to the literature regarding preferences for personal finance education. The purposes of this study were (a) to explore learners' desired financial education delivery methods, (b) to explore learners' desired financial education program topics, and (c) to investigate whether learning preferences differ according to demographic characteristics and length of participation in an extended personal finance education program.

Methodology

Data were obtained from a convenience sample of New Jersey and New York MONEY 2000™ program participants who completed an eight-page mailed survey during the fall of 1998. MONEY 2000™ is a Cooperative Extension System campaign that encourages participants to set a personal financial goal, such as $2,000 of increased savings and/or debt reduction by the end of the year 2000, and to take action to achieve it (O'Neill, 1997). In return, those enrolled in the program receive a variety of educational services from Cooperative Extension (e.g., quarterly newsletter). Participants received the survey from their county Cooperative Extension office as an enclosure with the fall 1998 issue of the *MONEY 2000™ News* newsletter and were given approximately two months to return it. Incentives (drawings for personal finance books) were used to encourage participation. Due to funding constraints and reliance on more than 30 county Cooperative Extension offices to reproduce and mail the survey, no additional attempts were made to contact the sampling frame.

Although the due date to return the surveys was December 15, 1998, responses were accepted throughout January 1999. In New Jersey, 309 surveys of the 1,268 originally sent were returned, for a response rate of 24.4 percent. Of these, six were unusable due to missing data or clerical errors in the administration of the survey, leaving a sample of 303 respondents for analysis. In New York, 217 surveys were returned, of the 1,024 originally mailed, a 21.2 percent response rate. Thus, the total sample for this study consisted of 520 MONEY 2000™ participants or an adjusted response rate of 22.7 percent (520/2292). This low response rate, plus the fact that respondents are from a limited geographical area, dictates caution in the generalization of study results. It is quite possible that respondents differ from MONEY 2000™ participants who did not complete a survey, as well as program participants in other areas of the country.

Table 1. Characteristics of those responding to the questionnaire

Characteristics		**n**	**%**
Age	**18-24**	6	1.2
	25-34	76	14.8
	35-44	152	29.6
	45-54	139	27.1
	55-64	85	16.6
	65 and over	55	10.7
Education	**Less than high school**	2	0.4
	Completed high school	59	11.5
	Some college	102	19.8
	Two year degree	75	14.6
	Four year degree	163	31.7
	Advanced degree	113	22.0
Marital status	**Single without dependent child(ren)**	171	33.2
	Single with dependent child(ren)	61	11.8

	Married without dependent child(ren)	126	24.5
	Married with dependent child(ren)	157	30.5
Gender	**Male**	118	23.4
	Female	387	76.6
Ethnicity (multiple responses)	**White**	425	83.5
	Native American	9	1.8
	Black/African-American	57	11.2
	Asian	9	1.8
	Hispanic	17	3.3
	Other	8	1.6
Household income	**Under $15,000**	24	4.8
	$15,000 - $30,000	91	18.1
	$30,001 - $45,000	112	22.3
	$45,001 - $65,000	122	24.3
	$65,001 - $100,000	106	21.1
	Over $100,000	47	9.4
State of residence	**New Jersey**	303	58.3
	New York	217	41.7

The sample is more affluent and highly educated than Americans on average with 54.8 percent reporting a household income over $45,000. It was also drawn from an area with a high cost of living. The 1996 New Jersey and New York median incomes were $47,468 and $35,410, respectively ("Statistical Abstract," 1998). Three of every ten respondents earned over $65,000 and almost one in ten earned over $100,000, respectively. Over half (53.7 percent) of all respondents had a four-year college education or higher, compared to 23.8 percent of citizens nationwide ("Statistical Abstract," 1998).

Disproportionately more females than males completed the survey, as well as a high percentage of baby boomers age 35 to 54 (56.7 percent of the sample versus 43 percent of the U.S. population). Ethnicity (respondents could check more than one) and marital status more closely track national trends, however. Over four of five (83.5 percent) respondents were white versus 84.6 percent of the U.S. population, and 55 percent were married versus 62.1 percent of the U.S. population ("Statistical Abstract," 1998). The atypical demographic characteristics, like the geography of the sample, limit the generalizability of survey results. It is likely, for example, that responses from persons of lower socio-economic status would yield different results.

Preferred Personal Finance Education Delivery Methods

Respondents were provided with nine possible responses to the question "How do you prefer to receive financial information?" and asked to select three with the numbers 1, 2, and 3. Table 2 lists respondents' preferences for personal finance education methods. The most preferred method (65 percent) was newsletters, followed by classes/seminars (46.7 percent), fact sheets (40.6 percent), and one to one financial counseling (29.2 percent). The remaining responses are listed in descending order. The least frequently mentioned response was the category "other," which respondents noted as including e-mail and the Internet, financial magazines and newspapers, and personal finance radio and television shows (e.g., CNBC).

Table 2. Respondents' preferences for personal finance education methods

Delivery Method	n	% *
Newsletters	338	65.0
Classes/seminars	243	46.7
Fact sheets	211	40.6
One-to-one counseling	152	29.2
Home study	119	22.9
Series of workshops	118	22.7
Video	72	13.8
Audiotape	42	8.1
Other (learning methods)	19	3.7
No response	51	9.8

* Percentages exceed 100 percent because multiple responses were provided.

Findings About Preferred Program Delivery Methods

Chi-square tests were conducted between each of the program delivery variables, and demographic variables, state residency, and length of MONEY 2000™ enrollment to determine if differences existed between groups. A significance level of 5 percent was used to report these findings. Significant gender differences were found for four variables. When asked "How do you prefer to receive financial information?" male program participants were more likely to report that they would like to receive information through video (c2 =6.473, df=1, p=.011), home study (c2=11.135,df=1, p=.001), and other formats (c2=4.631, df=1, p=.031) while female participants were more likely to prefer one-to-one counseling (c2=4.547,df=1, p=.033). State residency was also linked to several differences. Participants from New Jersey were more likely to prefer classes and seminars (c2=6.220, df=1, p=.013) and newsletters (c2=8.955, df=1, p=.003) while New York residents were more likely to prefer home study (c2=3.910,df=1, p=.048).

Compared to single participants, married participants were more likely to prefer fact sheets (c2=12.938, df=3, p=.005). Newsletters were more likely to be preferred by participants from married families with or without dependent children or single families with dependent children (c2=11.922, df=3, p=.008). Respondents who participated in the program for 18 months or longer were more likely than those who participated in the program later to prefer newsletters as a delivery method (c2=24.417,df=6, p=.0021). Older participants (age 55 and older) were more likely than their younger counterparts to prefer other delivery formats (e.g., magazines, television) to receive financial information (c2=10.119, df=4, p=.038).

Preferred Personal Finance Education Program Topics

Respondents were provided with ten possible responses to the question "What financial topics are you most interested in learning more about?" and asked to select three. As shown in Table 3, the most preferred program topic was best day-to-day financial practices (43.5 percent), followed by reducing expenses/living on less income (42.1 percent), general investing (36.7 percent), and retirement planning (31.3 percent). The remaining responses are listed in descending order. The least frequently mentioned responses were estates/wills (13.8 percent) and 401(k) and 403(b) plans (8.5 percent). Participants were asked to choose from among the listed topics as there was no "other" category.

Table 3. Preferred Personal Finance Education Program Topics

Program Topic	**n**	**% ***
Best day-to-day financial practices	226	43.5
Reducing expenses/living on less	219	42.1
General investing	191	36.7
Retirement planning	163	31.3
Credit/debt management	150	28.8
Saving options	100	19.2
Stocks/bonds/T-bills	76	14.6
Mutual funds	75	14.4

Estates/wills	72	13.8
401(k) and 403(b) plans	44	8.5
No response	65	12.5

* Percentages exceed 100 percent because multiple responses were provided.

Findings About Preferred Program Topics

Chi-square tests at the 5 percent level of significance were also conducted between the program topic variables, and demographic variables, state residency, and length of MONEY 2000™ enrollment to determine if differences existed between groups. When respondents were asked "What financial topics are you most interested in learning more about, age showed several differences. MONEY 2000™ participants age 45 to 65 years old were more likely than other age groups to want to learn more about retirement planning (c2=33.875, df=4, p=.038) and estate planning (c2=23.770, df=4, p=.001). Younger participants (54 years or younger) were more likely to want to learn more about credit and debt management (c2=22.579, df=4, p=.001). Participants age 34 or younger (c2=9.715, df=4, p=.046) and those age 65 or older (c2=9.715,df=4, p=.046) were more likely than other age groups to want to learn more about mutual funds.

Marital status also showed differences on several topics. Single participants without dependent children were more likely to want to learn about general investing (c2=8.825, df=3, p=.032). Participants from married families were more likely than their unmarried counterparts to want to learn more about best day-to-day financial practices (c2=11.506, df=3, p=.009). Those from families with dependent children were more likely to want to learn more about credit and debt management (c2=14.950, df=3, p=.002).

New Jersey respondents were more likely than their New York counterparts to indicate that they would like to learn more about estate planning (c2=11.284, df=1, p=.001) and stocks/bonds/T-bills (c2=5.982,df=1, p=.014). African-American respondents were more likely than other racial and ethnic groups to indicate that they would like to learn about credit and debt management (c2=6.124, df=2, p=.047). Male participants were more likely than their female counterparts to indicate an interest in learning more about general investing (c2=3.894, df=1, p=.048).

Summary and Implications

Results of this study support previous research that found a significant relationship between various demographic and socioeconomic characteristics and preferred program delivery methods and topics. For example, respondents age 45 to 65 were more likely than others to be interested in retirement and estate planning. Those age 54 and younger, prime household formation and spending years, expressed a greater interest in credit and debt. Similar results were found by Joo and Garman (1998, 1999) and demonstrate the need for different program tracks for different audiences.

Another significant difference is that female respondents were more likely than males to prefer one-to-one financial counseling while male respondents indicated a preference for "self-study" type learning methods (e.g., home study, videos). This concurs with findings by Joo and Grable (1999). Using data from the 1998 Retirement Confidence survey (1,500 respondents), they found that women were more likely to seek help from financial professionals. Men are more likely to rely on their own knowledge or intuition, seek help from people they know, or use other information sources.

Clearly, program delivery methods need to be carefully considered when planning programs for different audiences. Financial planning education must match learners' needs and preferred learning style. People generally don't remember course material unless it interest them or is relevant to their needs (Glass, 1999). Yet, all too often, financial education is presented as "one size fits all." This is especially true at work sites where many financial education programs focus exclusively on 401(k) and other retirement plans. Many employees could be helped immensely by sessions that discuss strategies to reduce expenses and deal with credit and debt. Targeted and relevant educational seminars can also help an employer's bottom line by reducing productivity losses caused by financial stress (Garman & Bagwell, 1999).

Newsletters are a preferred learning method, especially by married respondents and those with dependents. Perhaps these respondents are too busy with family responsibilities to attend classes or access other educational services. Thus, it behooves financial educators to make their publications as attractive and informative as possible since newsletters are the delivery method received most often. Because more than four in ten (43.5 percent) respondents indicated a desire for information on best day-to-day practices, hints and tips for better financial management should be featured prominently. It also appears from this study that MONEY 2000™ participants who were enrolled the longest prefer newsletters the most. This stands to reason as it takes time to become familiar with a publication and appreciate its contents.

Another interesting finding was that respondents age 55 and older were more likely than younger MONEY 2000™ participants to prefer other program delivery methods (e.g., television and radio, Web sites, newspapers, and magazines). Perhaps this is a result of heightened awareness of personal finance as one ages or simply more time available to devote to obtaining financial information. The oldest respondents (age 65 and older) were also more likely to want to learn about mutual funds. Again, perhaps, these respondents have more time to research investment products or more investable assets. They may also be looking for a higher-yielding (than CDs) investment to provide additional retirement income. Those age 34 and younger also had an interest in mutual funds, perhaps because they were selecting funds for the first time.

Interestingly, the Internet did not surface as a preferred source of financial information, given the high educational and income level of respondents. It was not listed on the survey, however, and would have had to have been added as an "other" learning method. Nevertheless, this finding suggests that educators shouldn't develop Web-based instruction to the exclusion of other methods. Instead, information needs to be "packaged" in many different formats.

Credit and debt management was a preferred topic by almost three of every ten (28.8 percent) respondents, particularly families with dependent children. This suggests a need for programs related to family communication about money (e.g., saying "no" to spending requests or managing on a single income if a spouse stays home with children). African-American families also expressed an interest in this topic. Perhaps this is a result of greater difficulty managing a lower average income than that of white households. Discretionary income, or lack thereof, is likely a significant factor driving interest in financial topics, investing and debt management in particular.

Conclusion

Findings of this study indicate that MONEY 2000™ participants are interested in a wide variety of personal finance topics. Over a dozen significant differences were found among audience types for preferences of program content and delivery. Additional investigation is needed, with different samples, to examine learner preferences for personal finance programs topics and instructional methods. Studies of lower socio-economic audiences are especially needed with ethnically and geographically diverse samples to compare and contrast the needs of those learners with respondents to this study and others.

To provide the maximum benefit for the resources invested to conduct personal finance programs, educational providers need to understand what learners are interested in and how best to "package" programs and information to attract them. Studies that determine the behavioral impact of programs (e.g., increased savings) are also needed to justify the cost of implementation to program administrators and/or funders. The potential results of enhanced personal finance education (e.g., improved investment decisions, reduced debt) can be impressive over time and make efforts to assess learner needs worthwhile.

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Endnote

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