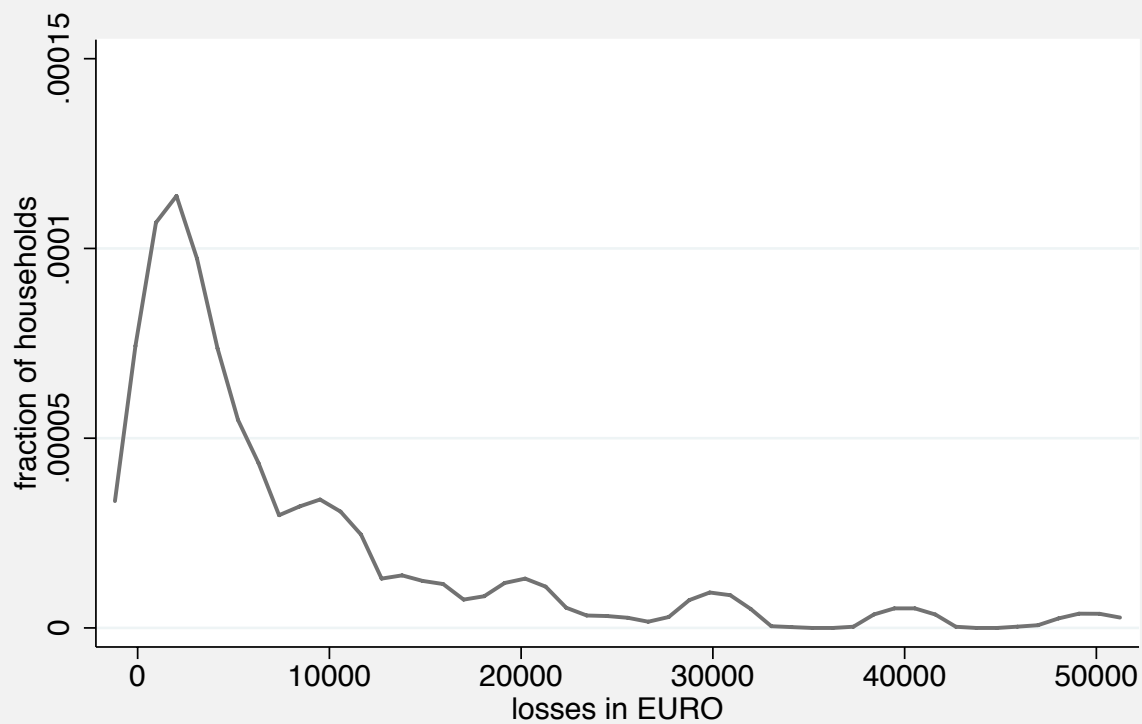# A Appendix A: Financial Losses

Figure A1: Density Function Financial Losses

This figure shows the distribution of losses conditional on reporting a loss. The function is smoothed using a univariate kernel density estimation (Epanechnikov kernel function).


Source: SAVE 2009, weighted data.
Observations up to the 95% percentile included (N=412).

B   Appendix B: Financial Literacy and Stock Market Participation over Deciles of Financial Wealth

Figure B2: Financial Literacy and Stock Market Participation over Deciles of Financial Wealth

This figure shows average stock market participation of households with high and low levels of financial literacy over deciles of gross financial wealth. Households with high (low) financial literacy are (not) able to answer all financial literacy questions correctly. Financial wealth and stock market participation are measured at the end of 2007 (SAVE 2008). Financial literacy is taken from SAVE 2007. N=2,012. The graph is based on one imputed data set. Results do not differ when using any of the other imputed data sets.

Local polynomial smooth of stock market participation

Source: Own calculation based on SAVE 2007–2008.
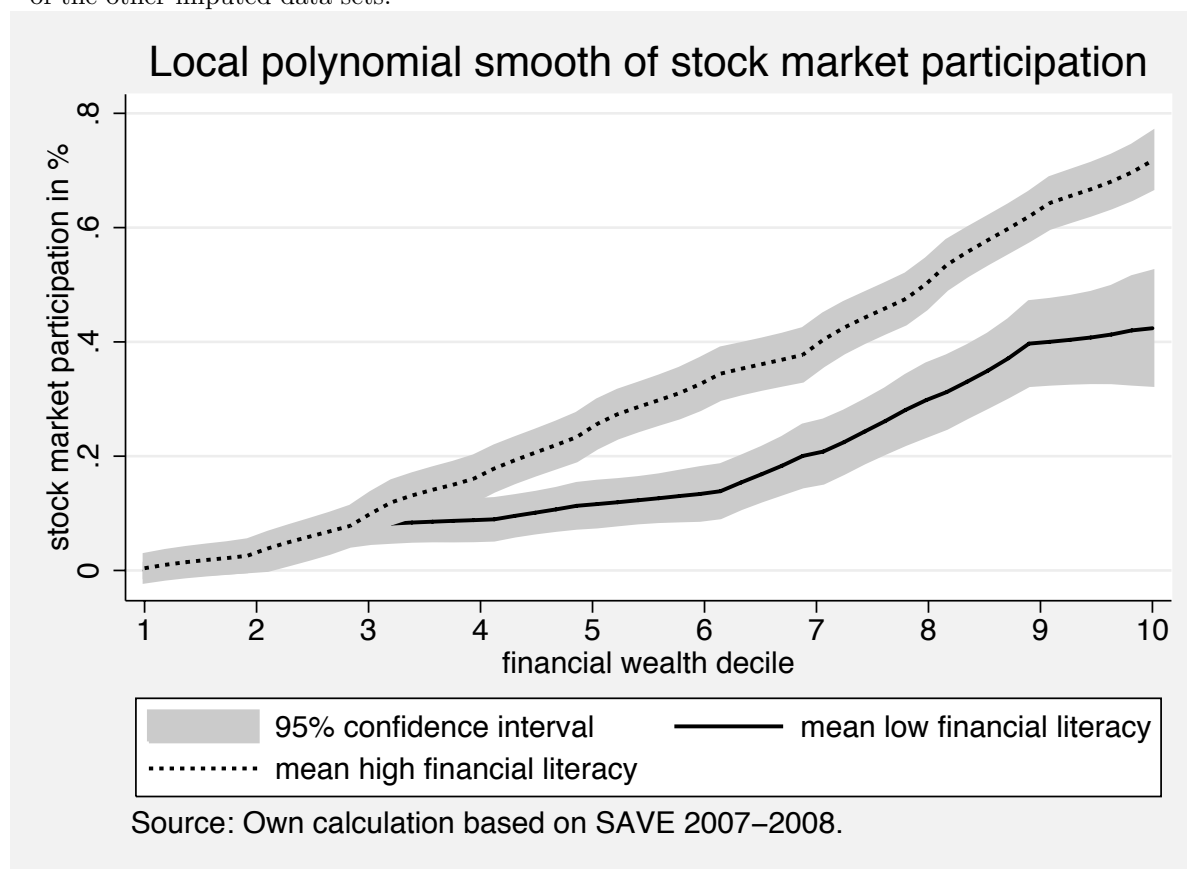
C   Appendix C: Summary Statistics

Table C1: Summary Statistics

This table contains summary statistics for 2,012 respondents in SAVE 2009.

Variable	Mean	Std. Dev.	Min	Max
Age	50.8	15.9	21	90
Men	0.47	0.50	0	1
East	0.28	0.45	0	1
Rural	0.15	0.36	0	1
Married	0.57	0.50	0	1
Single	0.21	0.40	0	1
Divorced	0.13	0.33	0	1
Widowed	0.08	0.26	0	1
Separated	0.03	0.16	0	1
Partner	0.65	0.48	0	1
Employed	0.55	0.50	0	1
Fulltime	0.34	0.47	0	1
Parttime	0.20	0.40	0	1
Unemployed	0.08	0.28	0	1
Homemaker	0.19	0.40	0	1
Retired	0.28	0.45	0	1
Household size	2.43	1.22	1	9
Households with children	0.37	0.48	0	1
Number of children	1.67	1.38	0	8
Lower secondary education	0.08	0.27	0	1
Upper secondary education	0.60	0.49	0	1
Post secondary, non tert. education	0.12	0.33	0	1
First stage tertiary education	0.17	0.38	0	1
Other education	0.03	0.17	0	1
Household income (Euro/month)	2,127	1,389	22	22,500
Gross wealth - end of 2007 (Euro)	187,281	384,198	0	7,720,000
Gross financial wealth - end of 2007 (Euro)	38,855	114,128	0	2,870,000

Source: SAVE 2008 and 2009, data is weighted and imputed.

D Appendix D: Measures of Financial Literacy and Cognitive Abilities

Financial Literacy

1. *Understanding of Interest Rate (Numeracy)*

   "Suppose you had €100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow: more than €102, exactly €102, less than €102?"

2. *Understanding of Inflation*

   "Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, would you be able to buy more than, exactly the same as, or less than today with the money in this account?"

3. *Understanding of Risk and Diversification*

   "Do you think that the following statement is true or false? Buying a single company stock usually provides a safer return than a stock mutual fund." do not know

Cognitive Reflection Test

1. "A bat and a ball cost 110 cents in total. The bat costs 100 cents more than the ball. How much does the ball cost?"

2. "If it takes 5 machines 5 minutes to make 5 widgets, how long would it take 100 machines to make 100 widgets?"

3. "In a lake, there is a patch of lily pads. Every day, the patch doubles in size. If it takes 48 days for the patch to cover the entire lake, how long would it take for the patch to cover half of the lake?"