

STA371 Research Project Proposal

Research Questions:

Do individuals that indicate more positive relationships and associations to money also have a higher financial well-being score?

Does knowledge of money and how to manage it create a higher financial well-being score?

Can lower levels of Distress indicate higher levels of financial well-being?

Do beliefs in an individual's own capabilities increase the likelihood of higher levels of financial well-being?

Would having lower materialistic values and higher self-control result in a higher financial well-being?

Response Variable:

Financial Well-Being Score (FWBscore):

The overall report from the CFPB Financial Well-Being Scale based on the consumer finance reports from a financial well-being technical report.

Explanatory Variables:

Knoll and Houts financial knowledge scale score (KHscore):

This is a 10-item scale which is an unpublished short version of the financial knowledge scale described in Knoll, Melissa A. and Carrie R. Houts. 2012. "The Financial Knowledge Scale: An Application of Item Response Theory to the Assessment of Financial Literacy." *Journal of Consumer Affairs* 46(3):381-410.

Lusardi and Mitchell financial knowledge scale score (LMscore):

This is a summative scale score for a 3-item financial knowledge scale, presented in Lusardi, Annamaria and Olivia S. Mitchell. 2008. "Planning and Financial Literacy: How Do Women Fare?" NBER Working Paper No. 13750. National Bureau of Economic Research, Cambridge, MA.

Financial Skills Score (FSscore):

The CFPB Financial Skill Scale is an unpublished IRT-based scale developed in a prior phase of the CFPB's financial well-being project.

SWB_1 (Satisfaction):

The individual's response to the statement "I am satisfied with my life." This assesses one's feeling of contentment with the moment and general attitude toward life.

SWB_2 (Optimism):

The individual's response to the statement "I am optimistic about my future." This assesses one's attitude towards their future and their relationship to it.

SWB_3 (Effort):

The individual's response to the statement "If I work hard today, I will be more successful in the future." This assesses one's attitude towards the consequences of effort.

Changeable:

An assessment of an individual's belief over whether or not one's own ability to manage money can change.

Financial Goals (FinGoals):

An assessment of whether an individual has current or ongoing financial goals.

Goal Confidence (GoalConf):

A personal evaluation of an individual's confidence in their own ability to achieve the financial goals they set for themselves.

Materialism_1 (Lux-Admiration):

An evaluation of whether or not the individual agrees with the statement, "I admire people who own expensive homes, cars and clothes."

Materialism_2 (Things):

An evaluation of whether or not the individual agrees with the statement, "The things I own say a lot about how well I'm doing in life."

Materialism_3 (Impress):

An evaluation of whether or not the individual agrees with the statement, "I like to own things that impress people."

Self-control_1 (Impulse):

An evaluation of whether or not the individual agrees with the statement, "I often act without thinking through all the alternatives."

Self-control_2 (DelayGrat):

An evaluation of whether or not the individual agrees with the statement, "I am good at resisting temptation."

Self-control_3 (Diligence):

An evaluation of whether or not the individual agrees with the statement, "I am able to work diligently toward long-term goals."

Distress:

An evaluation of an individual's stress level.

Psychological Connectedness (PsyConnect):

The feeling of relation towards an individual's future self and the degree at which they are similar to their present identity, demonstrating more feelings of connectedness to the future self, or drastically different, demonstrating less feelings of connectedness to their future self.

Codebook

Variable Name	Variable Label	Variable Source
Changeable	Belief that ability to manage money is NOT changeable	Survey Item
Delay-Grat	I am good at resisting temptation	Survey Item
Diligence	I am able to work diligently toward long-term goals	Survey Item
Distress	Lot of stress in respondent's life	Survey Item
Effort	If I work hard today, I will be more successful in the future	Survey Item
FinGoals	Do you have a current or recent financial goal?	Survey Item
FSscore	Financial skill scale score	IRT score
FWBscore	Financial well-being score	IRT score
GoalConf	Confidence in own ability to achieve financial goals	Survey Item
Impress	I like to own things that impress people	Survey Item
Impulse	I often act without thinking through the alternatives	Survey Item
KHscore	Knoll and Houts financial knowledge scale score	IRT score
LMscore	Lusardi and Mitchell financial knowledge scale score	Summative scale score
Lux-Admiration	I admire people who own expensive homes, cars and clothes	Survey Item
Optimistic	I am optimistic about my future	Survey Item
PsyConnect	Psychological connectedness	Survey Item
Satisfaction	I am satisfied with my life	Survey Item
Things	The things I own say a lot about how well I'm doing in life	Survey Item