

Progress in Measuring Changes in Financial Distress and Financial Well-being as a Result of Financial Literacy Programs

Delivering a high quality, effective workplace financial program is not easy. It is a challenge to get adults to learn about personal finance and make changes in their financial lives for the better. Quality financial education programs should lead to improvements in people's personal finances. Among the results should be decreases in distress about financial matters and increases in overall financial well-being. This paper describes four financial literacy programs designed expressly for such purposes. These include (1) The Pennsylvania Office of Financial Education Workplace Pilot Program Overview: Use of Financial Well-Being Scale; (2) Financial Fitness and the Mayo Clinic Behavior Health Assessment Use of the Personal Financial Well-Being Scale; (3) Pre- and Post-Class Financial Well-Being of Latino Financial Literacy Program Participants in Rural Minnesota; and (4) Tracking Progress of the Financial Fitness of Employees in Texas. The measurement device used to assess changes was the InCharge Financial Distress/Financial Well-Being Scale (Prawitz, A., Garman, E.T., Sorhaindo, B., O'Neill, B., Kim, J., & Drentea, P., 2006).

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Introduction

This paper provides an overview of recent uses of the InCharge Financial Distress/Financial Well-Being Scale (IFDFW). It is a valid and reliable measure (Prawitz, Garman, Sorhaindo, O'Neill, Kim, & Drentea, 2006) having undergone a rigorous process to test for both content and construct validity. The concise, simple to administer, easy to interpret 8-question instrument assesses the level of stress and well-being emanating from one's personal financial situation including negative and positive feelings about and reactions to the financial condition.

The IFDFW measures a latent construct representing responses to one's financial state on a scoring continuum from 1 to 10 ranging from overwhelming financial distress/lowest level of financial well-being to no financial distress/highest financial well-being. The IFDFW consistently and accurately measures the construct repeatedly over time with various populations. An IFDFW score allows self-assessment. It facilitates early detection of problems, provides evidence of the need for appropriate intervention and is useful in assessing the effectiveness of ensuing interventions.

Delivering a high quality, effective workplace financial program is not easy. It is a challenge to get adults to learn about personal finance and make changes in their financial lives for the better. Quality financial education programs should lead to improvements in people's personal finances. Among the results should be decreases in distress about financial matters and increases in overall financial well-being, and that is what the IFDFW is designed to measure. The IFDFW is also known as the Personal Financial Well-Being (PFW) scale.

This paper describes four financial literacy programs designed expressly for such purposes. These include (1) The Pennsylvania Office of Financial Education Workplace Pilot Program Overview: Use of Personal Financial Well-Being Scale; (2) Financial Fitness and the Mayo Clinic Health Risk Assessment Use of the Personal Financial Well-Being Scale; (3) Pre- and Post-Class Financial Well-Being of Latino Financial Literacy Program Participants in Rural Minnesota; and (4) Tracking Progress of the Financial Fitness of Employees in Texas.

The Pennsylvania Office of Financial Education Workplace Pilot Program Overview: Use of Personal Financial Well-Being Scale

In April of 2004, Governor Edward G. Rendell established the Pennsylvania Office of Financial Education (OFE) to integrate high-quality financial education into schools, community organizations, and workplaces across

the Commonwealth. In an effort to be a model for other employers and explore the opportunities and challenges of bringing financial education to its own workforce, OFE developed a workplace financial education pilot for state employees. Four diverse Pennsylvania government agencies were selected to participate in the program of which three are under the Governor's jurisdiction and the fourth is independent. The pilot program was offered to all Harrisburg-based employees of the four agencies, which was a group of approximately 1,900 employees.

Interest Surveys

In October of 2005 employees of the four pilot agencies were invited to provide input in the planning process by completing an anonymous online "interest survey." The questionnaire asked potential participants what financial topics were of most interest to them, gauged their current level of financial knowledge, and gathered information about session location and timing. The results of these surveys provided the roadmap to the topics OFE would provide to eventual participants in its workplace financial education pilot program.

Findings

Employees were asked 11 questions, including rating their current level of expertise in 17 areas of personal finance. Three response choices were offered: "I'm an expert," "I know enough to get by," and "I could use some help." They reported the highest expertise in buying/owning a home, credit cards, buying/leasing a car, and saving. They reported the lowest expertise in retirement planning, investing, will/estate planning, financially related employee benefits, insurance, and bankruptcy. Topics rated "I know enough to get by" included budgeting, tracking your money, borrowing/loans, credit reports/scores, debt consolidation, student loans, and identity theft. Sixty-six percent indicated that they do not have a written budget and 28 percent have never received a copy of their credit report.

Topics in personal finance that the respondents were most interested in learning more about were (in descending order): retirement planning, investing, will/estate planning, financially related employee benefits, identity theft, saving, credit reports/scores, insurance, tracking your money and budgeting. Seventy-four percent of respondents said the preferred formats for learning personal finance topics were group presentations and 63 percent also requested written materials. About 30 percent marked that they also prefer web-based training, group discussions, and/or one-on-one coaching. Only 8 percent reported that the best time of day for in-person classes would be during lunch and 9 percent noted evening. (The clear majority did not want sessions to be held on lunch hours, but due to Commonwealth policies, that was not feasible during the pilot program.)

Demographics

Over half (52 percent) are age 46 to 60, 35 percent are ages 30 to 45, and 10 percent are under age 30. (The average Commonwealth employee is 46 years old.) Length of employment for the Commonwealth of Pennsylvania ranged as follows: 11 percent less than 2 years, 23 percent 2 to 7 years, 15 percent 8 to 12 years, 28 percent 13 to 20 years, and 24 percent 21 or more years. (The average Commonwealth employee has 13 years of service.) Eight-five percent of respondents own their homes and 15 percent rent.

Implementation of Workplace Financial Education Pilot Program

Based on a long history of providing financial education to Commonwealth employees and others, OFE entered into an agreement with the Pennsylvania State Employees' Credit Union (PSECU) in the spring of 2006 to implement the workplace financial education pilot program for Commonwealth employees. Key aspects of this agreement included: (1) no business or product solicitation, (2) high subject matter expertise of presenters, (3) generic materials/handouts, (4) and referrals made to existing state programs such as the employee assistance and retirement programs.

During the fall of 2006, OFE and PSECU conducted the pilot program for employees in the four selected agencies. Sessions on six topics were offered to each agency: (1) Investing and Retirement Planning, (2) Estates & Will Planning, (3) Creating a Spending Plan and Getting Out of Debt, (4) Identity Theft, (5) Long Term Care, and (6) Home Buying.

A total of 26 1-hour sessions were held during lunch hours beginning September 13, 2006 and concluding November 16, 2006; three additional 90-minute sessions (Retirement and Estates & Will Planning) were held after work hours. A total of 394 state employees benefited from the sessions with many going to more than one in the series. On average each employee went to 2.3 sessions and of the 1,900 employees eligible for the program, about 21% participated. The overall attendance between all 29 sessions was nearly 900.

Evaluation of Pilot Program

While conducting this pilot program, OFE attempted to determine the best methods for delivering financial education programs to state employees. In addition to individual session evaluations, OFE utilized the InCharge Financial Distress/Financial Well-Being scale (IFDFW) to measure the participant's sense of financial well-being before and after the sessions.

During the pilot program sessions, OFE distributed hard copies of the IFDFW to each person in attendance to complete before the presenters began. Participants were asked to create a unique code using the last three digits of their home phone number and the first two letters of their mother's maiden name, as this would allow tracking of participants and maintain anonymity. Information from the completed forms was inputted into an Access database.

Participation in the IFDFW and other evaluation measures was voluntary. Of the program 394 participants in the overall program, 152 or 38.6 percent responded to the IFDFW at the sessions.

Follow-Up Three Months Later

Approximately three months after the pilot program ended, OFE asked each of the 394 participants to complete an online follow-up survey that included the IFDFW questions and the individuals' unique identifier code. Of the program's 394 participants, about 150 participated in the IFDFW survey during the pilot session but in follow-ups, only about 50 specific participants' data could be matched and tracked. This equates to pre and post session data for about 12.5 percent of the total participants. This group's pre-session mean score was 5.10 and the group's post-session score was 5.68.

Results (as shown in Table 1) of all respondents who completed the pre- and/or post- IFDFW show an average improvement of 0.77 per participant (6.29 – 5.52). The pre-pilot IFDFW average score was 5.52, which is slightly less than the norms for the United States (see www.PersonalFinanceFoundation.org). Thus, respondents who participated in the pilot workplace financial education program reported an increase of 3/4ths of one point on the 10-point score three months after the program. The highest reported individual improvement (using an individual's overall average score) was a gain of 4.5 points on the IFDFW. (This individual went from an average of 3.5 to 8.) The largest reported negative change was a -2.875. (This individual went from an average of 8 to 5.125, who reported the loss of a spouse.) The Pennsylvania Office of Financial Education concludes that those state employees who participated in the pilot workplace financial program reported an improved sense of financial well-being.

Two of the eight questions had large increases on the 10-point scale. The post-score to the question "How stressed do you feel about your personal finances in general?" was 6.64, representing a 1.23-point increase from the pre-score of 5.41. The post-score to the question "How confident are you that you could find the money to pay for a financial emergency that costs about \$1,000?" was 7.76, representing a 1.18-point increase from the pre-score of 6.58.

Table 1
Personal Financial Well-Being Scores: Pre- and Post-Pilot Workplace Financial Education Program

PFW Scale Questions	Pre-Scores (n=152)	Post-Scores (n=167)	Change
What do you feel is the level of your financial stress today?	5.27	6.12	.55
How satisfied are you with your present financial situation?	4.93	5.79	.86
How do you feel about your current financial condition?	4.84	5.16	.32
How often do you worry about being able to meet normal monthly living expenses?	5.73	6.12	.39
How stressed do you feel about your personal finances in general?	5.41	6.64	1.23
How confident are you that you could find the money to pay for a financial emergency that costs about \$1,000?	6.58	7.76	1.18
How often does this happen to you? You want to go out to eat, go to a movie or do something and don't go because you can't afford to.	6.21	6.79	.58
How frequently do you find yourself just getting by financially and living paycheck-to-paycheck?	5.15	5.93	.78
Overall average	5.52	6.29	.77

Limitation of the Study

Of the 152 people who completed the IFDFW before the program and the 167 that completed it three months later, only 50 or about one-third were direct matches using the user-created code. OFE believes that this limited match-up in scores can be attributed to one or more of the following reasons: (1) Some people didn't understand the code they were asked to create, even though it is relatively simplistic; (2) Some individuals did not participate because they feared that it was not truly anonymous and could potentially have a workplace consequence; (3) Some individuals noted that they forgot which phone number they used and may have used a different one the second time around; and (4) A small number of individuals reported concern, especially after attending the identity theft presentations, about using a portion of their mother's maiden name in the code.

Discussion About Changes in Financial Well-Being Scores

Overall, individuals appear to have improved their financial well-being from the point at which they were first surveyed to the follow-up survey. Ultimately, though, it is difficult to ascertain whether these changes are due to the knowledge gained and/or behaviors changed as a result of the sessions or whether external factors had a stronger influence. Around the time of the administration of the follow-up survey, state employees received a cost of living increase, which may have skewed the results upward; however, it was also around the time that many employees had credit card debt accumulated over the holiday season come due, which could have skewed the responses downward.

Data regarding the sessions, the employees' responses to the follow-up survey and the change in well-being on the IFDFW were compiled and shared with each of the four pilot agencies. The data make a compelling argument for financial education for all state employees. The IFDFW scores help OFE make the case that financial education classes for employees improved the financial outlook of most participants, and it further strengthens the argument that OFE should continue providing financial education to state employees throughout the Commonwealth of Pennsylvania.

Financial Fitness and the Mayo Clinic Health Risk Assessment Use of the Personal Financial Well-Being Scale

TwoMedicine Health and Financial Fitness is a private firm focused on the implementation of worksite focused preventive health strategies in the Rocky Mountain Region. In February of 2006 the firm integrated the Personal Financial Well-Being scale (PFW) into The Mayo Clinic Health Risk Assessment in order to evaluate the relationship between behavioral risk factors that lead to disease and financial distress. The tool was delivered to public and private employees and their spouses throughout Montana and Wyoming, beginning the spring of 2006. This preliminary research examines two questions: (1) The relationship between financial stress and health risks; and (2) the relationship between financial stress and perceived health.

Assessment Tools

A Health Risk Assessment (HRA) is a 197-item questionnaire designed to collect self-reported data concerning an individual's health behavior, personal health history, family health history, and biomedical screening data (O'Donnell, 2002). The data is warehoused in a computer database where it is used to create an individual report to the end user, and also an aggregate summary report to practitioners. The aggregate data is then used to create a wide variety of intervention programming. The Mayo Clinic Health Risk Assessment is a unique tool because it is completed on the Internet and uses branching logic to customize itself to each participant depending on their earlier responses. The assessment also provides instantaneous reporting to the end user upon completion. TwoMedicine was able to integrate the eight questions of the Personal Financial Well-Being scale (PFW) into the questionnaire.

Health Perceptions, Health Risks and Personal Financial Well-Being Scale Variables

The HRA and PFW were completed by 236 respondents for this study. The sample included 169 (71.6%) females and 67 (28.4%) males. Over 41% of those assessed were 45-55 years of age, 13% were less than 35, 21% were 35-44, 21% were 55-64 and 4% were 65 or older.

Table 2 outlines the variable used in the analysis along with age and gender of the subjects. The health perceptions characteristic was a self-reported estimation of one's own health status. The great majority of respondents indicated that their health was very good or excellent. Less than 5% percent indicated that their health was fair or poor.

Table 2
Health Perceptions

Health Perceptions	N	%
Poor	0	0.0
Fair	11	4.7
Good	94	39.8
Very good	94	39.8
Excellent	37	15.7

Table 3 shows the distribution of total health risk factors for respondents in this sample. The total risk factors characteristic is the number of risks an individuals has that increases the chances that they have a disease or illness such as: alcohol, blood pressure, blood sugar, cholesterol, emotional, exercise, nutritional, safety, tobacco, triglyceride, and weight. Just over 11% of the sample had two or fewer risks, while nearly 16% of the sample had seven or more risks. A majority of the sample had between three and six risks. These risks are further separated into medical risks and lifestyle risks.

Table 3
Total Health Risk Factors

Total Health Risk Factors	N	%
None	4	1.7
One	5	2.1
Two	18	7.6
Three	29	12.3
Four	58	24.6
Five	50	21.2
Six	35	14.8
Seven	22	9.3
Eight	13	5.5
Nine	2	0.9

Total medical risks are biometric measures such as blood pressure, blood sugar, cholesterol, weight, and triglycerides are summarized in Table 2.3. Over 45% of the sample had one or fewer medical risks, while nearly 14 percent of the sample had four or more medical risks.

Table 4
Total Medical Risks

Medical Risks	N	%
None	31	13.1
One	78	33.1
Two	55	23.3
Three	38	16.1
Four	28	11.9
Five	6	2.5

Lifestyle risks, such as alcohol, emotional, exercise, nutritional, and safety risks are summarized in Table 2.4. Nearly 12% of the sample had one or fewer lifestyle risks, while over 25% had four or more lifestyle risks. Nearly 85% of the sample had two to four lifestyle risks.

Table 5
Total Lifestyle Risks

Lifestyle Risks	N	%
None	9	3.8
One	19	8.1

Two	60	25.4
Three	87	36.9
Four	53	22.5
Five	8	3.4

The most important dependent variable in this study is the Personal Financial Well-Being scale. The PFW is comprised of eight questions that measure the construct of financial distress/financial well-being. Table 6 summarizes the PFW scores. Just 12% of the sample had relatively low financial distress scores (fewer than 20 point out of 80 possible [8 questions each on a 10-point scale]) and higher financial wellbeing, while over 30 percent had relatively high financial distress scores (40 or greater) and lower financial wellbeing.

Table 6 Financial Stress Score

Financial Stress Score	N	%
Less than 20	29	12.3
20 – 29	60	25.4
30 – 39	73	30.9
40 or greater	74	31.4

Preliminary Regression Results

The Mayo Clinic Health Risk Assessment and the Personal Financial Well-Being scale were used to examine the relationships between financial stress and medical risks. Linear regression analyses were used to explore the relationship between medical/lifestyle risks and financial well-being; between detailed medical/lifestyle risks and financial well-being; and, health perceptions and financial well-being. Table 7 shows the results of a multivariate linear regression where sex, age, medical risk and lifestyle risk are regressed on financial well-being. Higher PFW scores indicate that the respondent is less stressed about their financial situation and has high financial well-being. This regression indicates that people with more lifestyle risks have more financial stress and lower financial well-being than others. Further, people with more medical risks report they are more financially distressed and have lower financial well-being. And older people report less financial stress and higher financial well-being than younger people. Finally, males report less financial stress and higher financial well-being than females. This regression model explains 11 percent of the variance in the dependent variable.

Table 7
Influence of Medical and Lifestyle Composite Variables on Financial Stress

Variable	Parameter Estimate	Standard Error	p-value
Intercept	25.3469	3.7632	0.0001
Sex (1 = male)	4.4998	1.4920	0.0028
Age, continuous	0.2644	0.0661	0.0001
Medical risk	-1.3605	0.5380	0.0121
Lifestyle risk	-1.3987	0.6106	0.0229
Adjusted R-squared			0.115

Table 8 reports the results of a multivariate linear regression, where sex, age and all of the items included in the medical and lifestyle risks are regressed on the financial distress/financial well-being score. The most important result is the following: People with the emotional risk factor are more likely to be stressed about their finances than people without the emotional risk. The emotional risk factor indicates the probability that an individual will have an excessive stress or mental health disease such as anxiety or depression. An individual with emotional risk has a higher probability of physical and mental health problems and an individual without emotional risk has a low probability of physical or mental health problems. This model explains 12 percent of the variance in the dependent variable.

Table 8
Influence of All Health Risks on Financial Stress

Variable	Parameter Estimate	Standard Error	p-value
Intercept	26.2970	4.0405	0.0001
Sex (1 = male)	4.2719	1.5532	0.0064
Age, continuous	0.2462	0.0680	0.0004
Alcohol risk	0.9980	2.9969	0.7394
Blood pressure risk	-1.1369	1.4785	0.4427
Blood sugar risk	-1.6348	1.5934	0.3060
Cholesterol risk	-1.2850	1.4132	0.3642
Emotional risk	-5.1757	1.4248	0.0003
Exercise risk	0.1460	1.4179	0.9181
Nutrition risk	-0.8472	1.8023	0.6388
Safety risk	1.0038	1.5701	0.5233
Tobacco risk	-4.3314	2.5364	0.0891
Triglyceride risk	-0.6832	1.8399	0.7108
Weight risk	-2.4306	1.4596	0.0973
Adjusted R-squared			0.1230

Table 9 illustrates the results of a multivariate linear regression, where sex, age and health perceptions are regressed on the financial distress/financial well-being score. The most important result is the following: People in good health (self-reported perception of their own health) are less likely to be financially distressed and enjoy higher financial well-being than people in poor health. This model explains 17% of the variance in the dependent variable.

Table 9 Influence of Health Perception on Financial Stress

Variable	Parameter Estimate	Standard Error	p-value
Intercept	3.0769	4.3858	0.4837
Sex (1 = male)	3.3310	1.4282	0.0205
Age, continuous	0.2630	0.0608	0.0001
Health perception	-1.3987	0.6106	0.0229
Adjusted R-squared			0.173

These preliminary results suggest that a substantive relationship exists between health risk and financial stress. People in excellent health and those with fewer medical and lifestyle risks are less likely to be financially stressed than others. Interestingly, people with emotional risks are more likely to be financially stressed than other people. These results should stimulate an interesting and useful discussion on the relationships between health risk and financial stress.

In health promotion it is important to identify barriers to behavior change. One of the most difficult parts of changing health behavior is identifying health. When individuals have unmanageable stress it can be difficult to engage in behavior changes such as exercise, improved nutrition habits, tobacco and alcohol cessation and weight management. This preliminary investigation may suggest that stress also negatively impacts individuals' ability to take action and change the poor behaviors that impair their financial wellbeing.

Limitations of Study

Researchers have reservations about the relationship between the variable of financial distress and well-being with emotional stress in part because both of the variables may be measuring some dimension of psychological health. Further work is needed to assess what is being measured by the emotional risk variable and the PFW.

Implications of the Study

TwoMedicine would eventually like to engage in worksite-focused interventions that assist individuals with financial fitness. The aforementioned findings suggest that further exploration into the relationship between health and financial distress/well-being is warranted. TwoMedicine will continue to collect data using the HRA and PFW tools and develop intervention materials and programming that address the emotional risk factor. By comparing the baseline data set analyzed in this manuscript to another data set collected after an intervention TwoMedicine is well positioned to measure potential changes in the FDS score based upon worksite driven stress counseling and intervention.

Financial Well-Being of Latino Financial Literacy Program Participants in Rural Minnesota

In Minnesota the need for bilingual community education is great. The number of residents speaking Spanish at home increased dramatically between the 1990 and 2000 census years. In 1990, approximately 42,000 Minnesotans spoke Spanish at home and by 2000 that number had more than tripled to 142,000. Of those Minnesotans (over the age of 5) who spoke Spanish at home, 28% spoke English “not well” or “not at all” (Minnesota, Chicano Latino Affairs Council, 2000).

To meet the financial management education needs of the growing Spanish-speaking population in Minnesota, University of Minnesota Extension hired Spanish-speaking extension educators to teach our financial management classes in Spanish. At about the same time our program started in Minnesota, the National Council of La Raza published *Financial Education in Latino Communities: An Analysis of Programs, Products, and Results/Effects*, (La Raza, 2004). One chapter of this report discussed elements of success in Hispanic-focused financial education. The report observes that one aspect of successful financial education programs is that they are outcome-focused. The report states,

On balance, far too many financial education providers are not results-oriented. Though it is difficult to measure long-term behavioral change and a lack of program evaluation resources hamper efforts, many financial education providers fail to take even modest steps to determine whether programs “work,” (La Raza, 2004, p.34).

The use of InCharge Financial Distress/Financial Well-Being Scale (IFDFW) was deemed an appropriate answer to this call for results-oriented programming. IFDFW could be used to provide an outcome-focused measurement. The pre and post self-report of well-being (IFDFW) provides one measure of outcomes as a result of participation with the Minnesota Latino Financial Literacy Program.

Procedures

The University of Minnesota Extension Service Minnesota Latino Financial Literacy Project pilot-tested the IFDFW with 26 Spanish-speaking Latino Minnesota residents. The process to conduct this pilot included: translating the scale, training of Spanish-speaking extension educators to implement the tool, developing data gathering technology, and analyzing.

The IFDFW is being implemented as a pre- and post assessment by a team of financial resource management extension educators who teach their classes in Spanish. They teach financial literacy concepts in adult education settings throughout southern rural Minnesota. Current data gathered represents the “pre” assessment conducted on the first day of a series of classes. Classes are conducted with groups who meet voluntarily in community centers, churches, and government buildings. Many classes are conducted independently by extension or they are conducted in conjunction with a community partner such as English as a Second Language (ESL) classes, church groups, or work force centers.

There are nine potential class topics with class participants providing feedback to guide future classes. Topics include: setting money goals, making choices about money, teaching children about money, making a spending/savings plan, managing a spending/savings plan, understanding your paycheck, using a checking account, using credit wisely, and getting out of debt. The classes are designed to be taught in one hour to 1 ½ hour time segments. Classes are offered for small groups of 5 to 10 participants. Groups often are larger when held in conjunction with a sponsoring organization, like ESL or a workforce center. Since participation is not required, few participants take all nine classes, but many participants take more than one class. According to our assessment protocol, the IFDFW is administered during the first time a participant attends a class.

Findings

Initial findings of a small sample (n=26), show that average scores for each IFDFW scale question fell between nationally normed data for the general population and the nationally normed debt distressed population (O’Neill, Prawitz, Sorhaindo, Kim, & Garman (2006).. See Table 10. The difference varied by item with the greatest

difference from the general population for questions pertaining to personal financial well-being (the last three questions).

Table 10

National Norm Scores for Individual IFDFW Scale Questions for General & Debt Distressed Population Versus a sample of Latino Class Participants (N=26)

	InCharge Financial Distress Financial Wellness Scale Items	General Population	Debt Distressed	MN Latino Pilot
Q	How satisfied you are with your present financial situation	5.3	3.9	4.62
Q	How do you feel about your <i>current financial situation</i> ?	5.2	3.4	4.08
Q	How often do you worry about being <i>able to meet</i> normal monthly living expenses?	5.7	3.3	4.12
Q	How do you feel is the <i>level</i> of your <i>financial stress today</i> ?	5.3	4.2	4.77
Q	How <i>stressed</i> do you feel about your personal <i>finances in general</i> ?	5.9	4.2	5.08
Q	How confident are you that you could find the money to pay for a <i>financial emergency</i> that costs about \$1,000?	5.9	2.6	3.85
Q	How often does this happen to you? You want to go out to eat, go to a movie or do something else and <i>don't go because you can't afford to</i> ?	6.3	3.4	4.58
Q	How frequently do you find yourself just getting by financially and living <i>paycheck to paycheck</i> ?	5.6	2.3	3.54
	Scale Average	5.7	3.4	4.32

An important contribution of this analysis is that this sample of rural Minnesotan Spanish-speaking Latinos had, on average, different perceptions of their financial distress/financial well-being when compared to either of the norms for comparison groups. The pilot Latino population had an average score of 4.32 on the IFDFW compared to the national norm scores of 5.7 for the general population and 3.4 for the debt-distressed population. This indicates that assumptions should not be made for the Latino population regarding their perceptions of their financial well-being/financial distress. While, on average, the Latino population did not have as high a financial well-being/financial distress scale score, they categorically did not have scores as low as the debt distressed group.

Another area of learning was in implementing the survey instrument. In general, we found the translated tool was simple to administer and easy for class participants to understand. It was found, however, that those who attained only an elementary education needed additional help or needed the statements read to them.

Recommended Research

Further research is needed to understand the impact of variables such as: language proficiency, use of financial institutions, citizenship status, financial goal achievement, and debt levels on perceived financial well-being. In addition, it would be informative to evaluate previous research conducted to determine the norming of the IFDFW data from the perspective of ethnicity, especially the Latino population. Such analysis could put this pilot study data in perspective.

Initial discussions with the extension educators who taught the classes in Spanish found that the translated IFDFW tool acceptable to use. Further study is needed to validate the cultural appropriateness of the scale. The study should include a determination if current statements measure the concepts intended to assess financial well-being/stress for Spanish-speaking audiences. Additionally, do the scale statements need to be adapted to more adequately measure the concepts for the Spanish-speaking participants in the financial program. Focus groups would be a preferred method to garner the cultural appropriateness of the data. Methodology from other cultural adaptations of the IFDFW should follow

Tracking Progress of the Financial Fitness of Employees in Texas

The goal of The Institute for Financial Literacy (formerly the Foundation for Financial Literacy) is to position financial literacy in the consciousness of Houstonian's and the American public as the key to a balanced, happy lifestyle and keeping America free! It's a fiscal fitness movement that encourages financial independence.

While the American society has placed an enormous emphasis on achieving financial success, there remains a lack of knowledge across all demographics on how to best manage the income that results from that success. Basic functions from reading 401(k) statements to understanding the differences between stocks and bonds have become too complicated for John Q. Public, employees, business executives and soccer moms alike.

Influencing lifestyle change in others is not an easy task to undertake, but far from impossible. The world we live in today has seen dramatic changes in the way we receive information, making it possible to reach thousands of audiences in a manner of seconds. However, in order to change behaviors or long-held beliefs, it is imperative to communicate the benefits of those changes in a manner that is relevant to everyday lives. It is equally important to approach this form of communication as ongoing, pervasive and sustainable.

Financial Program, Procedures and Measures

In March 2006 and under the legacy of the Dean of Fiscal Fitness, Mr. E. Deane Kanaly, The Institute for Financial Literacy, launched its "Fiscal Fitness Workout Challenge" to the employers of Houston, TX. The Challenge is a means of teaching all Americans the knowledge and skills they need to be financially independent and self-sufficient.

The vehicle for this Challenge is the Institute's *Passport to Fiscal Fitness*, a personal financial course for mature youth and adults posted on its website at www.ffltx.org. The Institute's program communicates the benefits of financial independence to numerous target audiences through a variety of innovative, and pervasive delivery methods

Monitoring progress of area literacy is being achieved by a measurable increase in the financial literacy among adults living in Houston, Texas and its metroplex. The measurement benchmarks are based upon personal finance concepts of the *InCharge Financial Distress/Financial Well-Being Scale (IFDFW)*. (This is also known as the Personal Financial Well-Being scale [PFW]).

Fiscal Fitness Workout Challenge

The Institute's Fiscal Fitness Workout Challenge offers a simple, cost-effective solution to a complex problem. The Challenge consists of three elements: a free, online questionnaire to assess an employee's fiscal fitness ...a free, online course to teach essential skills and knowledge for managing one's money and achieving financial independence...and finally, an annual awards banquet to recognize those organizations that have been most successful in providing financial education to their employees

"Financial Well-Being and Financial Stress Profile" and "Fiscal Fitness IQ Test." Those individuals who accept the challenge will complete a confidential "Financial Well-Being and Financial Stress" profile along with a "Fiscal Fitness IQ Test." Ultimately, results of these questionnaires will be used to produce a valid and reliable type of fiscal "state of the union" report to the employer and to the community. All information in the reports is anonymous.

Online Passport to Fiscal Fitness. The heart of the Fiscal Fitness Workout Challenge is the Institute's comprehensive, online course in personal finance, the *Passport to Fiscal Fitness*. By design, the course is strictly objective and educational: it is tutorial in nature, rather than advisory, and purposely avoids making recommendations for specific products.

The course alerts participants to the "Fiscal Fitness Life Cycle" and "Financial Crossroads" that will inevitably impact every individual/family – and explains the importance of being financially prepared for these events. In addition, the course includes the six major elements of personal finance—budget, cash flow, credit, insurance, investments, employee benefits, and estate planning—and explains how these elements must be carefully balanced and considered throughout the Fiscal Fitness Life Cycle. Employees may complete the course at their own pace, be it a slow, steady pace or an accelerated learning mode.

Marketing Materials for Employers. The Institute for Financial Literacy provides employers with free web-based marketing materials to encourage employee participation and enrollment ...as well as web-based articles, guidebooks and other resources that can be printed free-of-charge from the website.

Awards Banquet for Organizations in Each of the Five Target Groups. The culminating annual awards banquet will be a fun, high-energy event designed to recognize and congratulate the best effort in personal financial education by an organization in each of the five target groups: corporations, professional firms, nonprofit

organizations, trade associations, and educational entities. The event also will be a celebration of the Institute's collective efforts to educate the community, and to start citizens on their journey to fiscal fitness.

Results

Data has been collected from 247 workers, and the average score on the 8 questions of the PFW using a 10-point scale was 6.34. This is somewhat higher than the national norm of 5.7, as shown on the website of the Personal Finance Employee Education Foundation. These respondents scored the highest (8.49) on the question "How stressed do you feel about your personal finances in general?" This indicates very low financial distress/very good financial well-being. The lowest score (5.15) of these respondents was on the question "How do you feel about your current financial situation?" This indicates average financial distress/average financial well-being. Follow-up PFW scores also will be obtained at a later date.

Challenge to Employers

The Fiscal Fitness Workout Challenge—comprehensive, cost-effective, and easy to manage—will provide high returns for those companies that choose to embrace the program. A corporate culture that promotes financial education will see results in improved job performance, productivity, pay satisfaction, organizational commitment and morale.

The Institute for Financial Literacy is challenging you—and employers and employees all across the nation—to offer and accept this educational opportunity. It is free. By accepting this Challenge, you can help individuals/employees reach financial independence so they will no longer have to count on government and business entitlements for their financial well-being.

Knowledge is power. By making financial information available, employers can help employees help themselves, and positively impact their company's bottom line. Our country's financial health is a ticking time bomb. Our nation is just one crisis away from financial disaster. But we can make a difference. Each one of us can make a difference.

Conclusions

This paper provides an overview of recent uses of the InCharge Financial Distress/Financial Well-Being Scale (IFDFW). It is a valid and reliable measure of the level of stress and well-being emanating from one's personal financial situation.

The programs described herein are current efforts to provide financial literacy education programs to adults. Pilot programs, whether for employees in workplaces, Latinos attending community seminars, or offered online, have some commonalities. The programs described aim to improve financial well-being by providing access that emphasizes basic financial education. Many of the topics in these programs are on the fundamentals personal finance—budgeting, spending, saving, credit management. It is clear to these program providers that adults cannot go far in changing their financial decisions and behaviors in the areas of insurance, investments, retirement planning, and estate planning without first taking care to ensure that participants understand and practice the basics. If one does not have emergency savings of perhaps \$500 or \$2,000, unexpected expenses, such as vehicle repairs, medical, and perhaps a special expense for school, can wreck havoc with a budget and quickly result in running up unwanted consumer debt. Not being ready and able to handle such expenses postpones—or defers forever—taking action on financial planning decisions for the future.

The pre-assessment data using the Personal Financial Well-Being scale suggest that there are wide differences among adults when it comes to their levels of financial distress and well-being. Some post-pilot workshop findings indicate improvements in PFW scores. This is heartening. The PFW scores should increase. Otherwise, why should a sponsor provide access to a financial program in the first place? Post-assessment data will be collected in all the programs described.

Recommendations

Financial program providers would be wise to collect PFW scores on a pre- and post-basis. Much can be done with the data, as discussed below.

It should be strongly emphasized that while increases in the mean scores of groups obviously are important, changes in each individual person's score provides even more vital information. Financial program providers need to know that their efforts resulted in 20, 40 or 60 percent of participants reported increases in PFW scores. Even the highest quality financial program will not impact 100 percent of participants. Sponsors should examine the proportion of adults whose scores increased and find out how many improved by how much. Perhaps array such data

in a table. These adults are the program participants whose lives are changing because of the financial program. These people represent precisely the goal of a quality financial program. The sponsor's next financial program might positively impact some of the people that the first program did not. Readiness to change behaviors is one of the issues here, and a continuously offered quality financial program can be expected to make positive impacts on almost all program participants over time.

It is also recommended that data be collected on financial behaviors. It is one thing to have a positive attitude about improving one's personal finances and perhaps have an increase in score on a personal finance knowledge quiz, but it is altogether something else to actually change financial behaviors. For example, as a result of participation in a financial program a knowledgeable financial program participant might now have intentions to pay down credit card balances, put money into an emergency savings fund, and contribute more to a defined-contribution retirement program, like a 401(k) or individual retirement account (IRA). Doing so is different, however. Behavioral changes are the single best measure of the effectiveness of a financial program, and scores on the Personal Financial Well-Being scale provide confirmation of reductions in financial distress and increases in financial well-being.

Sponsors can simply ask program participants what behavioral changes occurred following their participation in a financial program. This type of follow-up might be conducted one to three months following the program, as this likely provides sufficient time for adults who are so inclined to change financial behaviors. Employers, for example, should see increases in 401(k) contributions from participants in quality financial programs. Community-based programs should see increases in savings in emergency savings as well as decreases in consumer debt. All financial programs are likely to see participants report changes in better controlling expenditures via cash flow management and following a budget.

The relationship between health and financial well-being is very important. The Mayo Clinic Health Risk Assessment is a formidable research instrument, and future analyses of the data should be revealing, as many experts are finding the links between health and personal finances. This relationship, while logical and intuitively correct, may offer tremendous marketing opportunities if findings demonstrate that employers can save money by providing employees access to quality financial programs. Further research is warranted.

Employers do not have to offer financial programs all by themselves. There are numerous outside providers that can do an excellent job. In addition to retirement education companies, like Merrill Lynch and Ameriprise, many for-profit and nonprofit organizations who programs emphasize the basics of personal finance. These are the kinds of programs that genuinely change adult's personal financial behaviors. Sometimes such education is provided to adults for free; others may charge a small fee, perhaps \$25 per person. While the no-cost and low-cost programs may be effective, very likely the best programs are those provided at a higher cost per participant. Employers who spend \$50 to \$300 annually on financial programs that emphasize both basic financial education and financial planning topics are likely to get the desired results: higher retirement contributions, better selection of employee benefits (including choices that reduce costs for employers, such as in healthcare), and more productive workers that increase profits for employers. And, these are happier employees.

The bottom-line benefits to employers may be assessed and calculated using the Personal Financial Well-Being scale in conjunction with an examination of internal company cost information. (For details on procedures, see www.PersonalFinanceFoundation.org.) Employers and/or financial program providers first need to ask what work outcomes data do employers already possess that relate to financial distress and financial well-being? And second, ask how to project an employer's potential return on investment from providing employees access to quality workplace financial programs? Then use the data to prove the business case for financial programs. Most important, remember that these efforts are all about changing people's financial lives for the better.

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Endnotes

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