

APPENDIX A

RESEARCH METHODOLOGY

The research design of the Living with Debt project is based on a stratified sampling methodology that included focus groups along with a questionnaire administered prior to the discussion. The questionnaires were designed to assess basic financial literacy/education and investment/retirement planning issues. A total of 145 individuals participated in the study after being recruited by market research companies through random telephone solicitations. Potential project participants were pre-screened over the telephone according to qualifying socio-demographic characteristics that distinguished membership in six life-stage groups or sampling “strata”: College Students (undergraduate and graduate from public and private schools), Young Singles (under 35 years old), Young Families (household head under 35 years old), Mature Families (household head between 35 and 54 years old with teenage children), Empty Nesters (up to 64 years old with nonresident adult children), and Seniors (household head 65 years and older).

Respondents were provided with dinner and a moderate honorarium (\$100 to \$125), which contributed to an overall participation rate of 93.5 percent (145 out of 154). Following dinner and the completion of the questionnaire, ten structured, three-hour focus groups were conducted at three research consulting firms (Rochester, N.Y., Alexandria, Va., Orlando, Fla.), as well as two college student sessions on the campus of the Rochester Institute of Technology. All focus groups were conducted between June 5th and June 29th 2005. In addition to the questionnaires completed by the respondents, the focus group sessions were videotaped and professionally transcribed for future analysis.

The central research question of the study is whether the six life-stage groups have different attitudinal and behavioral responses toward the use of consumer credit and debt. The underlying assumption is that different generational, family structure, and work/career factors influence the views and use of consumer credit in American society. Hence, each life-stage group is specified as a methodologically and sociologically unique category. In order to enhance the representation of the socio-demographic variation of U.S. society, three geographically distinct regions of the country were selected for conducting the focus groups based on the following criteria: type and vibrancy of the local economy, cost of housing, and mix of educational/skill demands.

Rochester, N.Y., was selected as an “old industrial” city with moderate-cost housing and a declining metropolitan population due to downsizing at several large, local businesses. The College Student and Young Family focus groups were conducted in this area. The Washington, D.C., metropolitan area was selected as a rapidly growing, high-cost housing, “new economy” city with high education and skill demands. The Young Singles and Mature Family focus groups were conducted in this area. Orlando, Fla., was selected as rapidly growing but occupationally mixed “new economy” with a rising but moderate cost of living. Due to the traditional influx of retirees to Florida, the Empty Nesters and Seniors focus groups were conducted in this area. The project sought to reflect the local socio-demographic distribution of economic and racial/ethnic household characteristics, with the exception of the exclusion of new immigrants (within ten years of arrival).

Overall, the combination of structured questionnaire and focus group formats provided an efficient yield of background, attitudinal, and behavioral information regarding the changing use of consumer credit. Dialogue between project participants, moderated by Dr. Robert D. Manning, produced in-depth responses to personal questions that are typically difficult to accurately obtain via self-reported questionnaires. Also, the research methodology – by specifying regional differences

– permits the explicit examination or methodological “control” of crucially important factors such as cost of housing in influencing changing attitudes and behaviors toward personal finance (budgeting), intra-regional mobility, and investment decisions.

Focus Group Sites: June 5th to June 29th

Rochester, New York:
College Students
Young Families

Alexandria, Virginia:
Young Singles
Mature Families

Orlando, Florida:
Empty Nesters
Seniors