

INCREASING FAMILY FINANCIAL SATISFACTION

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This decade has seen American concern with personal finances reach tremendous intensity [1,2]. In a recent survey, about 8 out of 10 people (81%) acknowledged that they think about money often, and a little more than half (54%) frequently worry about money [3]. Families also admit that "living with tight money" causes them the greatest amount of stress [4].

Despite the wealth of information available on family financial management, the question arises: what financial strategies do families actually use? Even more important, are those families who use financial planning strategies more satisfied with their financial situations than those who do not? The following Louisiana Cooperative Extension Service financial management study provides some answers to these questions.

Procedures

A six-page questionnaire was developed, pretested, and mailed statewide to 400 randomly selected names from home economics newsletter mailing lists. The initial mailing and follow-up letter obtained a sample of 203 respondents (51% response rate).

Findings

Financial Practices

The questionnaire listed common financial practices and asked to what extent the practices were followed. Respondents said they usually could find financial records when they needed them and that they usually kept a record of bills paid. However, they were less likely to save for long-term goals, to record expenditures and income, and to prepare a net worth statement (see Table 1).

Table 1. Participants' Use of Financial Management Practices.

Practices	Usually	Percentage Sometimes	Following Seldom	Never
Can find financial records when needed	94%	5%	1%	0%
Keep record of bills paid	92	4	1	3
Contact creditors to reconcile differences	90	4	4	2
Have plan to pay basic expenses	87	6	3	4
Have realistic budget for family	81	13	3	3
Balance checkbook monthly	85	6	4	5
Save for emergency expenses	65	18	9	8
Have personal spending allowances for family members	66	12	5	17
Save for long term goals	57	18	11	14
Record income and expenses to determine monthly deficit or savings	57	16	10	17
Prepare net worth statement to determine family assets and liabilities	31	20	15	34

N = 203

Satisfaction Level

When asked, "how satisfied are you with your money management?", a majority of the sample rated high on the financial satisfaction scale. Half (50%) were very satisfied, 42% somewhat satisfied, and 8% not satisfied (see Figure 1).

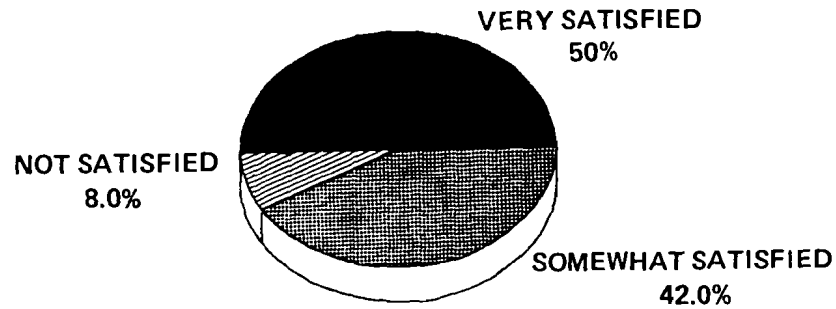


Figure 1. Participants' reported satisfaction with financial management

Chi square test results were used to determine the difference in the satisfaction level in relation to demographic variables. Whether they lived in a rural or urban area did not affect their financial satisfaction level, but as people grew older, they expressed more satisfaction. About three-fourths (73%) of those older than 65 years were very satisfied, but only 26% of those younger than 40 years were very satisfied ($\chi^2 = 23.35$; $df = 4$; $p < .0001$) [see Figure 2].

PERCENTAGE VERY SATISFIED

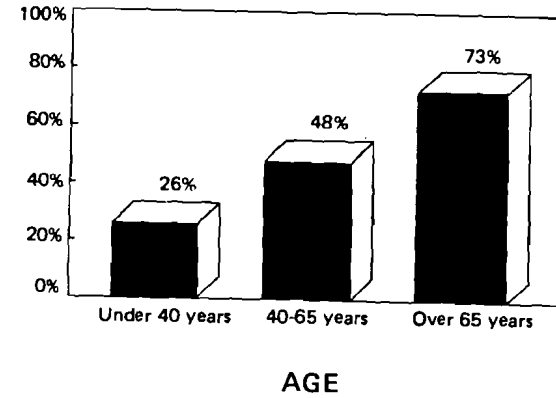


Figure 2. Participants very satisfied in relation to age.

Satisfaction tended to lessen as the number of people living in the home increased. Approximately two-thirds of those living in households with one or two members were very satisfied; only 22% of those living in households with five or more members were very satisfied ($\chi^2 = 23.08$; $df = 6$; $p < .001$) [see Figure 3].

PERCENTAGE VERY SATISFIED

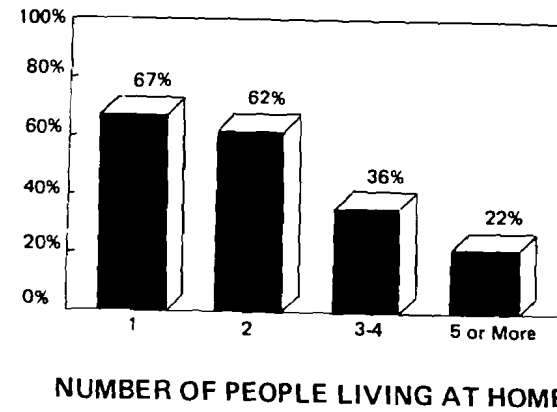


Figure 3. Participants very satisfied in relation to number of people living at home.

For all financial management practices shown in Table 1, with the exception of preparing a net worth statement, considerably larger percentages of respondents who were very satisfied follow the practices when compared with those who were somewhat satisfied or dissatisfied. For example, 84% of those who were very satisfied saved for emergencies, but 45% of those who were somewhat satisfied and 37% of those who were dissatisfied followed this practice. Of the 11 practices, those that were most related to increasing financial satisfaction were:

- kept a record of bills paid
- had a realistic budget
- had a plan to pay basic expenses
- saved for emergency expenses
- had personal spending allowances for family members
- recorded income and expenses to determine monthly deficit or savings.

Conclusions and Implications

Both the dissemination of financial management information and the encouragement of consumers to use the information are important to satisfying financial situations. This study confirms that those people who use suggested financial management strategies tend to be more satisfied with their financial situations than those who do not. Therefore, it appears that individuals and families who express some dissatisfaction could benefit particularly from additional financial education.

The study suggests many implications for consumer educators. First, it can be useful in planning programs, writing newsletters, and in working with or writing for the mass media, because it pinpoints the financial strategies that tend to make the greatest impact on increasing financial satisfaction. For example, programs emphasize record-keeping skills and preparation of a spending and savings plan, while they place less importance on preparation of a net worth statement. A newsletter article on goal setting might highlight strategies for meeting financial emergencies.

The study's data on the demographics of those people who were dissatisfied with their financial situations can be useful in targeting an audience. For example, younger people and those living in large families expressed the most dissatisfaction and thus might be in the greatest need of financial information.

(Copies of the survey instrument and further statistical documentation are available from the author, Professor Frances C. Lawrence, School of Home Economics, Louisiana State University, Baton Rouge, LA 70803-4301.)

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FACTORS INFLUENCING THE SELECTION OF UPHOLSTERED LIVING ROOM FURNITURE

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Consumers were asked in a 1985 survey what was the "most difficult" aspect of buying furniture. Cost was mentioned by 53% of those sampled; 30% indicated that it was judging quality; and 22% had difficulty in choosing a style. Construction, comfort, and durability were noted as the strongest influences on the actual purchase decision. The quality of a piece of furniture was determined by construction features (87%), brand name (67%), and wood finish (61%) [6, pp. 72-73].

Helping consumers to make wise purchasing decisions is a goal of the Illinois State Board of Education [2, p. 65]. Among the stated objectives for the unit on home furnishings are to:

1. make satisfying selections of home furnishings and equipment according to social, psychological, economic, and utility needs of self and family;
2. learn to recognize the levels of quality; and
3. become aware of the ways that shopping skills can help consumers obtain the most satisfaction for their money.