

An Assessment of Women's Financial Literacy

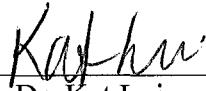
by

Martha Klatt

A Research Paper
Submitted in Partial Fulfillment of the
Requirements for the
Master of Science Degree
in

Training and Development

Approved: Four Semester Credits



Dr. Kat Lui

The Graduate School
University of Wisconsin-Stout

December, 2009

**The Graduate School
University of Wisconsin-Stout
Menomonie, WI**

Author: Klatt, Martha E

Title: *An Assessment of Women's Financial Literacy*

Graduate Degree/ Major: MS Training and Development

Research Adviser: Lui, Kat PhD

Month/Year: December, 2009

Number of Pages: 42

Style Manual Used: *American Psychological Association, 5th edition*

ABSTRACT

The focus of this study is to support or reject, through the use of a literature review and online survey, the assumptions that there are barriers women face preventing knowledge and understanding of financial matters from being translated into actual behavior.

The literature review explored the subjects of financial literacy, financial barriers, challenges women face, and investing and investment strategies. The report will address the question, does the lack of knowledge and confidence impact a women's ability to reach her financial goals? One assumption to be explored is that the ability of women to feel confident in their investment decisions is based on the tools they have to work.

The researcher will collect data through the use of an online survey from a variety of women of different ages and demographics. The information collected will help determine if there are resources available to women concerning money management and financial literacy. It will also determine if there is an interest by women for more resources/workshops.

University or Wisconsin-Stout

Menomonie, WI

Acknowledgments

I would like to take this opportunity to thank my family for supporting me in my journey to complete my master's degree. Thank you to my husband Wes who drove me to many of my classes so I could study, proofed all of my papers and continually supported me in my endeavor to complete my masters. To my daughters Elizabeth and Emily, I am extremely grateful to your patience and support in the process of having mom going to college at the same time as you were in college. Your help and support with questions dealing with my course work and computer issues was greatly appreciated. Also thank you for the summer vacations we spent working on my projects for school.

A special thank you goes to my parents Ray and Virginia Karnes who continually told me I could do this. My Dad faithfully read my papers and provided great feedback to me. Mom here is your Christmas present. I could not have done it without your support and encouragement.

Last but not least, I thank my advisor Dr. Kat Lui for her encouragement and mentoring through the years as I slowly worked to complete my master's. Her encouragement and support helped ease the process and helped me complete my program.

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Chapter I: Introduction

Women face challenges and barriers that make it difficult for them to be financially prepared for the future. In today's society women are living longer and the question arises whether they will have enough money to live on or will they outlive their money? On average women will live five years longer than men and therefore need to save more for retirement. However there are many barriers that prevent or hinder women from actively saving for retirement. In 2007, the median earnings of a working age woman who worked full time year round was \$32,000, compared to \$47,000 for men (US Census Bureau, 2007). Women on an average earn less than men and work fewer years. Women are also often the primary caretakers in their families and move in and out of the workplace. Many women will forfeit salary and retirement benefits by taking time off to care for family. Although the majority of women say retirement is their primary investment goal, more than 50 percent have not actually invested for retirement (Hartford, 2008).

Financial literacy is important for women because nearly 90 percent of all women will end up managing their financial portfolios alone at some time in their life (Oppenheimer Funds, 2005). Women's relationship with money is often driven by personal life experiences. They will usually not take responsibility for financial issues until times of personal change in their lives such as divorce or death.

For women, emotion, money, and family are issues that are difficult to separate. There is a fear for some that they will look uninformed or uneducated if they ask questions concerning their finances. For others it is a fear of not understanding the information or the process (Prudential, 2008). The burden of financial security is shifting to the individual. It is important that women feel empowered to manage their financial portfolios. In general women earn less,

live longer and spend fewer years in the work force. Because of these issues, women need to understand their finances and make their money work harder. It is important that women feel empowered to manage their financial portfolios. Well informed, well educated women can make informed decisions on their finances.

Statement of the Problem

Women's lack of knowledge and confidence with regard to money management and investment programs impacts their ability to reach their financial potential.

Purpose of the Study

Women who are empowered and educated to be financially independent will utilize tools and resources to reach their financial potential.

The objectives of this study are to identify:

1. The barriers preventing knowledge and understanding from being translated into actual behavior
2. What resources are needed to provide women with financial information
3. Whether there is a need for more resources and training programs on financial literacy for women

Assumptions of the Study

Assumptions of this study are:

1. Women have resources available but are not interested in the information
2. There is a certain level of fear associated with women and the discussion of money and finance
3. There are strong emotional attachments to issues concerning money

Definition of Terms (Bach, 2003)

Asset allocation. Strategy of dividing your money between different asset classifications to manage risk

Diversification. Diversification is a strategy of investing your money in different types of companies and investment products to manage your risk.

Financial Planner. A person who works with your financial portfolio that helps evaluate your finances and your long term goals to develop an investment strategy for your portfolio based upon your needs

Individual Retirement Plan (IRA). An IRA is an individual savings account that gives tax advantages to those saving money for retirement

Invest. Expend money with the expectation of achieving a profit.

Investment. The process of investing your money

Money Management. The process used for organizing and handling your money.

Pension. This is a plan for retirement that is offered by a company upon retirement

401 K Plan. A 401 K plan is a voluntary savings plan that allows employees to contribute a portion of their salary for retirement.

Limitations of the Study

This study assumes that all information gathered for this research project is accurate. The study also assumes that participants will be truthful and honest in their responses but understands that there is an emotional issue often associated with money discussions that sometimes causes participants to be guarded in their responses. Another limitation of this study is the narrow geographical sample of participants filling out the survey.

Methodology

The primary focus of this study is to support or reject, through the use of a literature review and an online survey, the assumptions that there are barriers women face preventing knowledge and understanding of financial matters from being translated into actual behavior. The survey will collect data to determine if there are resources available for women's financial education as well as the need for additional resources and training programs. The survey will be sent out to women of different ages and demographics. All information will be confidential and will cause no risk to the participants. An online survey will be conducted for two weeks, followed up by a second email to increase participation after the first week. A final report will be available to be shared with the University of Wisconsin-Stout and participants if requested.

Chapter II: Literature Review

Everyone faces his/her challenges when it comes to understanding their financial options. This study will examine the financial literacy of women with regard to money management and investment knowledge. Does the lack of knowledge and confidence impact a woman's ability to reach her financial goals? The basic principles of investing are the same no matter who you are but do women look at financial matters and investing in the same way as men? Research began by reviewing journals, magazines, books and internet sites relating to money management and investing programs. Topics of research will include: definitions of financial literacy, barriers for women in relation to financial security, and challenges faced by women with regard to money management and knowledge of investments.

Literacy

There has been some progress in women's financial knowledge and confidence in the last eight years, however women still worry about their financial future and are not sure what they need to do (Prudential, 2008). The term financial literacy is used often but many do not truly understand the definition. As Stone (2004) states, "financial literacy is the ability to read, analyze, manage and communicate about the personal financial conditions affecting material well being" (p. 1). The concept of financial literacy is taking into consideration the ability to balance your check book or being able to read your financial statements. An employee would be considered financially literate if they understand the employee benefits at their company. The Investor's Education Fund defines financial literacy as "the set of skills and knowledge that allowed you to understand:

- The financial principals you need to make informed decisions

- The financial management products that impact your financial well being” (Investor, 2009, p. 1).

The home environment plays a role in financial literacy. Many financial habits and behaviors learned when we are young influence successful aging (Into, 2003). Parents directly and indirectly influence the development and consumer behavior of their children. Parents are the primary influence on the way children handle money and instill the attitudes their children have towards savings (Eikmeier, 2007). “Children learn financial management behavior through observation and participation and through intentional instruction by socialized agents, family (parents, siblings, spouse) peers, school, workplace, media , and culture” (Eikmeier, 2007, p. 6). Financial illiteracy is widespread and severe among certain demographic groups including women and older americans (Census, 2000).

While many United States adults believe that it is important to have an understanding of economics, many households are unfamiliar with even the most basic economic concepts needed to make saving and investment decisions (Lusardi, 2007). Research shows that financial education can lead to financial knowledge and positive changes in attitudes, motivation and planned behavior (Eikmeier, 2007). More women learn about money mangement from their parents and their own mistakes than men. Women generally have less knowledge about personal finance topics however education and experience can impact the financial literacy of women. For women and men alike, education will improve their financial literacy (Chen, 2002).

“Spending and saving habits form early” (Breitbard, 2003, p. 1). As women get older they take on new roles in their life and they will look to the coping skills they learned in their youth (Into, 2003). Women tend to be less financially literate than men, however a persons financial literacy is often related to their self-perception of their knowledge in personal finance

(Chen, 2002). Financial literacy can change with education. Having a university degree relates to how a women manages money with a spouse. They are more likely to be involved in the decisions making process with their spouse (Yodanis, 2007). The confidence level of a women in her ability to make decisions is the difference between knowing something and doing something about it. (Foundation, 1998)

Financial Barriers

Women face many barriers to financial well being. The term financial literacy is in its self a barrier because it implies that a person may be financially illiterate. Making financial choices and discussions concerning money and financial issues can cause a certain level of discomfort if a woman is uncomfortable discussing it. The label of illiterate creates another barrier. It gives the perception of a person not understanding or not having the knowledge to understand. Women also face different circumstances in their life that may create barriers to becoming financially secure (Morris, 2007).

“Money, which many consider a ‘measure of success’, is often a taboo topic” (Into, 2003, p. 826). Women seem to be more uncomfortable talking about money because of being raised as caregivers and not breadwinners. Societal beliefs “commonly fail to value women’s contribution to relationships and in turn , women may fail to fight for their financial rights as they themselves lack experience of this recognition” (Branigan, 2004, p 16).

It is more likely for women to work part time and not qualify for retirement benefits than to have a full time job (Hartford, 2008). Women are often in and out of the workforce taking care of children and elderly parents. The role of serving as caretakers for their families and the movement in and out of the workplace causes women to forfeit salary and benefits (Labor, 2008). Women often concetrate their energies more on childcare and domestic responsibilities

while men focus on being the breadwinner (Branigan, 2004). Often women are in lower paid positions that have limited benefits. This causes them to retire with approximately half the retirement fund compared to men (Knight, 2009). When women retire the majority of them will be dependent on their husbands for higher Social security benefits. The predictions of women retiring in 2015 are that only 20 percent of widows will have earned greater benefits than those of their husband (Foundation, 1998).

Women earn more than half the income in most United States households but still are not comfortable with money. The median earnings of women with a bachelor's degree was \$35,408 compared with \$49,982 for their male counterparts. The median earnings of a women with a professional degree was \$55,460 compared with \$90,653 for their male counterparts (Census, 2000). The majority of women are still employed in traditional female occupations. Many women can count themselves among the country's millionaires; however women are twice as likely to retire in poverty (Orman, 2007). Women will often earn less but live longer. "There are twice as many women age 85 and older as men" (Hartford, 2008, p. 2). This becomes a barrier when they don't know where they spend their money or how it is invested. They have a longer life expectancy than men and therefore need to save more for retirement. However instead of saving for retirement, women are more likely to spend money on their children or the household (Frankel, 2008). Women are also more likely to make ends meet by foregoing spending on themselves and this includes contributing to their retirement plan (Yodanis, 2007). The average income for women over sixty-five is less than \$7,000 a year (Evans, 2009).

Another barrier women face is the "what if" factor. This is what happens to them if they get divorced or if their spouse/partner loses his/her job. There are many things that can happen if women are totally dependent on someone else for their financial well being. Life changing

events can be devastating to their lives and often will leave women making major financial decisions when grief has impaired their judgement and the ability to make decisions. According to the Department of Labor, 9 out of 10 women will manage their own finances at some point in their lives (Eikmeier, 2007).

There is still the perception that a woman's paycheck supplements the family income (Frankel, 2008). Women work to support the family. Research shows that working women earn approximately \$1 trillion a year and account for nearly 52 percent of all earned household income in this country (Bach, 2002). "How we handle our money colors every aspect of our lives- the education of our children, the sort of home we provide our families, and the type of contribution we make to our communities" (Bach, 2002, p. 7).

The "Bag-Lady Syndrome" is a term that refers to "women who are mentally well off but still live in fear of going broke and being forced to live on the streets" (Bach, 2002, p. 11). The fear is real because of the issues that have been talked about. Women typically earn less than men, they are less likely to have a steady stream of income, they are not involved in making financial decisions, they are reluctant to ask for wages, perks or raises reflective of the value they add to an organization, and they are more likely to spend money to care for a loved one than to invest in themselves (Bach, 2002; Frankel, 2008).

Challenges for Women and Investing

Women do face different financial challenges from men. There is the thought that "many of the characteristics that make women uniquely feminine are the very same behaviors that prevent them from becoming financially independent" (Frankel, 2008, p. xvi). Girls are often brought up to be caretakers and nurturers. Although women may work in the workplace and be the breadwinner for their family they are not accepted as the breadwinner (Yodanis, 2007).

Women traditionally are primarily responsible for the home and daily maintenance activities, which often can include household budgeting and bill paying (Chen, 2002). They are more likely to spend money on their children and families rather than put money away for their retirement. Women tend to attach sentiment to investments. They can be uncomfortable talking about money and tend to focus on doing well as opposed to getting rich. There are different emotions that often are attached to the issues of saving and investing. They include the need to save for the family or their children to provide them with things they need or want. Also wanting the ability to spend, to feel free, or experience adventure. Emotions that are attached to money often determine if they will live their lives in comfort or poverty (Bach, 2002; Frankel, 2008).

Another challenge for women is that most of them do not receive any education in finance until they are divorced or widowed (Bach, 2002). Many women let their husbands handle their finances. They will simply sign financial documents that their husbands hand them without question (Knight, 2009; Bach, 2002; Frankel, 2008). This is a concern because about half of all marriages end in divorce. Eighty percent (80%) of all women will be financially dependent on themselves sometime during their lifetime. Females, unemployed and other non-working persons have a greater likelihood of low-level financial literacy (Worthington, 2006; Evans, 2009). “Women typically do not have the retirement resources that men do, and are poorer in retirement, yet they prepare less” (Glass, 1998, p. 720).

It is not that women cannot handle their money and investing, it is that many challenges face them in the process. Women tend to undervalue their abilities and talents. “Women generally have less enthusiasm for, lower confidence in and less willingness to learn about personal finance topics (Chen, 2002, p. 289). There are also many excuses they use to become less involved in their financial well being. Some of the excuses include: someone else will do it,

I am not interested in money matters, I do not make enough, I do not have time, and I just do not want to think about it (Frankel, 2008). Women often have less interest in finance and their preparation for the subject may not be appropriate (Chen, 2002). Procrastination is a common reason for not taking action toward improving one's financial situation. Seventy-two percent (72%) of women admitted that procrastination affects their personal decision (Prudential, 2009). Meeting the family needs is often the contributing factor to the delay in addressing their financial situation.

There are economic reasons that can impact a women's lack of planning for retirement security. Glass lists the following reasons:

- Employment settings that do not offer retirement benefits and services
- Interrupted career paths
- Women's lower earnings
- Pension issues
- Women's income being considered secondary (Glass, 1998)

Society today lives for the moment. Approximately 40 percent of American adults admit to living beyond their means and half of them have no savings plan and are living paycheck to paycheck. "A rapidly changing increasingly complex financial marketplace makes it even more difficult for persons to gain the level of financial knowledge, skill, confidence, and competence needed to function effectively as a consumer in today's economy" (Segelken, 2005, p. 15).

Financial Power

Money is power. In relationships a women's involvement in household financial decisions increases in relation to their share of the household income and their formal education (Bernasek, 2002). "Power in the household in terms of involvement in making important

financial decisions is greater the more command an individual has over financial and educational resources" (Bernasek, 2002, p. 46). Research shows that women's earnings are lower than men's. This would suggest that women are less likely to be heavily involved in making household level savings and investment decisions (Bernasek, 2002).

As a women's income increases they may play a greater role in financial decisions. When women earn less than a men, they are unequal in the decision making process. When couples earn similar amounts the process becomes more equal. However when a women earn more than men, it shifts back to women having less say in decisions. For a women being the breadwinner in a relationship can threaten the men's sense of control (Yodanis, 2007).

"Financial abuse happens when men control and limit women's access to money" (Branigan, 2004, p. 1). Financial abuse is defined as "denied access to bank accounts, information and decision making rights regarding finances, being kept totally financially dependent, denied enough money to pay bills, buy food, clothes or sanitary products, coerced into servicing their partner's debts or subsidizing their entertainment" (Branigan, 2004, p. 1). In families there is a complex interaction that can take place concerning money, gender and power. Financial abuse occurs across all socioeconomic groups, regardless of income and household assets. "When relationships breakdown, the poverty of mothers, which may have been hidden within a relationship, is revealed" (Branigan, 2004, p. 14). Once a relationship breaks down there are usually not enough financial resources to meet the needs of both parents and the children. It is usually women who are significantly financially disadvantaged post separation. Women will tend to sacrifice their own needs to provide for their children and often will not ask for help until they have no alternative (Branigan, 2004).

Money can be an emotional area in a relationship. Expectations fail to recognize the power imbalances and fractures that occur in a relationship when financial abuse is present (Branigan, 2004). There is a difference in men and women's philosophy of money management. Men's management of the couple's assets translates into power, whereas a woman's management of the money becomes another household task (Yodanis, 2007).

Investment Strategies

Most women do not receive education in finance and investment strategies until they are divorced or widowed (Bach, 2002). It is during these very emotional times that women often are faced with taking control of their finances (Frankel, 2008). For the most part women invest more conservatively than men and receive lower rates of return on their investments (Labor, 2008). This can cause their portfolios to grow slower. The average income for a woman over the age of sixty-five is less than \$7,000 a year (Evans, 2009).

Risk tolerance is an area of concern for women. "The finding that women are less-risk-tolerant investors is closely related to the findings that women are less confident in their investment decision-making" (Loibl, 2007, p. 69). Women tend to favor stable and easy to manage investments. They generally invest less in securities and tend to be more conservative in their investing. The low risk tolerance may prevent women from accumulating adequate retirement funds and reaching their long-term financial goals (Loibl, 2007). It is not just women but a majority of the population lacks knowledge of financial concepts, particularly in regards to assets such as stocks, bonds and mutual funds (Lusardi, 2009). Being afraid of risk may significantly lower the amount of pension wealth in a woman's retirement plan (Chen, 2002). The lack of financial literacy and money management knowledge hinders a woman's ability to select appropriate investment products (Glass, 1998).

Women make or influence 80 percent of consumer purchases (Eikmeier, 2007). Women's financial literacy would be enhanced by women becoming more risk tolerant and gaining confidence in their math ability and financial decisions (Glass, 1998). "Women want less worry, less aggressive investing, more security and predictability, more simplicity and easier access to understandable financial information" (Eikmeier, 2007, p. 6).

"You as women are more than capable of taking charge of your finances and your financial future. All that is required is that you be given the right tools" (Bach, 2002, p. 9). Having a plan can help women reach their financial goals. Women usually devise a plan and stick to it (Bach, 2002). Learning how to make your money work for you rather than you working for your money can help women to achieve their financial goals. When women are financially set up and have the tools and resources necessary to make decisions, they have the freedom to do much with their lives without the worry of becoming a "Bag Lady".

Summary

This research paper's literature review revealed research on women's financial literacy and investment strategies. The review explored the areas of financial barriers and challenges that women face. The literature review examined the information concerning women and their investment strategies and how that impacts their financial well being. This research showed that there is data that supports that the ability of women to feel confident about their financial decisions is based on the tools they have to work with. It is important to give women the tools they need to change their behavior, rather than simply delivering financial education (Lusardi, 2007). Those tools include information, resources, and training opportunities which provide them with the knowledge and resources necessary to manage their finances. "Even though women may not have as high an income as men, they can acquire the psychosocial characteristics and

attitudes of the profile through changes in socialization and education. This task is not accomplished easily and for the ultimate impact must begin in the early years where girls begin to see their role expectations and lose confidence in their ability" (Glass, 1998, p. 737).

Chapter III: Methodology

The purpose of this study was to identify if women's lack of knowledge and confidence regarding money management and investment programs impacted their ability to reach their financial potential. The objectives of the study were to identify the barriers preventing knowledge and understanding from being translated into actual behavior and the resources that were needed to provide women with financial information.

Subject Selection and Description

The population of this survey consisted of women ages 16 and older. A cluster sample of women was used from various organizations. Those organizations included the American Association of University Women, American Business Women's Association, Tomah Rotary Club, Wisconsin Rural Leadership Alumni Association, Jackson, Monroe, Vernon County Leadership Program, Stay At Home Moms and Tomah Area School Teachers. The total population for the online survey was 300 women.

Instrumentation

This study was intended to develop and validate a survey instrument that assessed women's financial literacy. For the purposes of this study, a quantitative research method using a Likert scale was used. The researcher developed the survey, a notification email and a follow up email from information gathered from the literature review. The survey consisted of 38 questions which took participants 15 minutes to complete. The survey was designed so that the participants could evaluate each question through their level of knowledge by using the Likert scale 4-point scale: Strongly Agree, Agree, Disagree, and Strongly Disagree.

The survey (Appendix A) covered a range of topics including money management practices and investment strategies for women. All of the questions created for the study were

developed after the literature review was completed in Chapter Two of this paper. The survey measured the financial barriers impacting women's money management, whether there was a need for more resources and training programs on financial literacy, and challenges that impacted women and investing. Demographic information collected from participants included; gender, age, marital status, net worth, occupation and educational level.

Data Collection Procedures

The first step in the data collection process was to obtain the Institutional Review Board (IRB) approval. To begin the process of conducting the surveys, the researcher met with representatives of each organization, explained the purpose and process of the survey and received approval to survey participants in their organizations. A letter was sent via the internet to every participant with an explanation of the purpose and process of the survey. A link was embedded in the letter to allow them to access to the survey. If the participant accessed the link to the survey they gave implied consent to allow the researcher to utilize the information collected. The participant chose whether to participate or not without the knowledge of the researcher. If they decided to participate they simply used the link to access the survey. Once the participant had completed the survey, they submitted the survey online. The submittal process protects the confidentiality of the participant and the researcher could not identify the participants that completed the surveys. The participants were given two weeks to complete the survey. At the end of the first week a reminder email was sent out to all participants reminding those who had not completed the survey to please complete the survey by the deadline. After the deadline an email was sent out thanking the participants for their time.

Data Analysis

An online survey tool through the University of Wisconsin-Stout was used to analyze the data. With software available from Qualtrics, the researcher retrieved, reviewed and analyzed the data to determine if there were any trends identified. The assessment process was analyzed by using statistics by question. The data was secured by accurately tabulating all of the responses to the questions on the survey. Frequency of responses was determined and a corresponding percentage was calculated. The mean, variance, and standard deviation were found for each question for the total group as a basis for comparison. Comparisons of the different responses will be reviewed and conclusions made. A graph was constructed to show which criteria received the greatest number of reactions and which received the least number of reactions. Detailed information regarding the responses to each question is found in Chapter Four of this paper. Information was tabulated and recorded on graphs and charts to identify trends. The trends and identification of areas of interest were used to make recommendations in Chapter Five.

Limitations

1. The researcher produced the survey instrument.
2. The researcher assumed the data gathered through the survey are valid and reliable.
3. The diversity of the sampling may not be an accurate sampling of women.
4. The survey was limited to one geographical area in the Midwest.

Summary

This chapter explained the methodology used for this study including the subject selection and description, instrumentation, data collection procedures, data analysis and limitations. The results of the survey will be discussed in detail in Chapter Five followed by recommendations and conclusions in Chapter Six.

Chapter IV: Results

This chapter reports the results of the data collected during this study on the assessment of women's financial literacy. The data collection tool for this study was an online survey provided to participants for a two week period in November of 2009. The purpose of the survey was to identify the knowledge and understanding of women's financial literacy and to determine if there are resources available to them concerning money management and financial literacy.

The survey was sent as an email link to 300 participants. One hundred and thirty seven (137) participants responded to the survey, yielding a 44 percent response rate. The 133 participants answered 38 questions on the survey to provide feedback on their financial background and literacy.

Item Analysis

The first five questions on the survey were asked to determine the demographics (Table 1) of the participant. Question number six asked a series of questions to get a feel for whether the participants were current involved in investing or working with a financial advisor.

Table 1

Investment Questions

#	Question	Yes	No	Response	Mean
1	Do you currently invest?	95	34	129	1.26
2	Do you have budgeting responsibilities?	119	10	129	1.08
3	Do you contribute to a retirement or 401(k) plan?	79	50	129	1.39
4	Do you currently contribute to an Education Account?	25	104	129	1.81
5	Have you ever consulted a Financial Advisor?	68	61	129	1.47
6	Are you currently using a Financial Advisor?	48	81	129	1.63

Fifty percent of participants that earn between \$25,001-\$50,000 do not currently invest. Thirty-eight percent (38%) of 20-24 year olds do not invest. The majority of participants have some budgeting responsibilities. As far as contributing to a 401(k) plan 50 percent of the participants in the \$0-\$25,000 salary range and 44 percent of the single, never married do not contribute to a 401 k plan. The majority of participants in all salary ranges do not contribute to any kind of education account. The response to the question concerning consulting a financial advisor was split with 52 percent have consulted a financial advisor to 47 percent that have not. The majority of participants are not currently using a financial advisor.

Question 7: My parents talked to me about financial matters when I was growing up. Education, occupation and status did not impact the results of this question. Seventy percent (70%) of participants that have some college education agreed that their parents had talked to them concerning financial matters. In the income category \$0-25,000, 30 percent said that their

parents had not talked to them and in the \$25,001- 50,000 it was split with half having talked with their parents about finances. Eighty percent (80%) of 16-24 year olds have talked to their parents concerning financial matters. In the ages 35 and up the majority of their parents did not talk to them concerning financial matters.

Question 8: I am struggling to make ends meet financially. Income brackets \$0-25,000 and \$25, 001 - \$50,000 indicated that they were struggling to make ends meet. Ages 16-19 and 35-44 also had 50 percent of the participants indicating that they struggle to make ends meet. Single, never married and separated were split with half struggling and half were not.

Question 9: I am well informed when it comes to my knowledge about managing my money and financial matters. Seventy three percent (73%) of the participants feel that they are well informed when it comes to managing their money and financial matters.

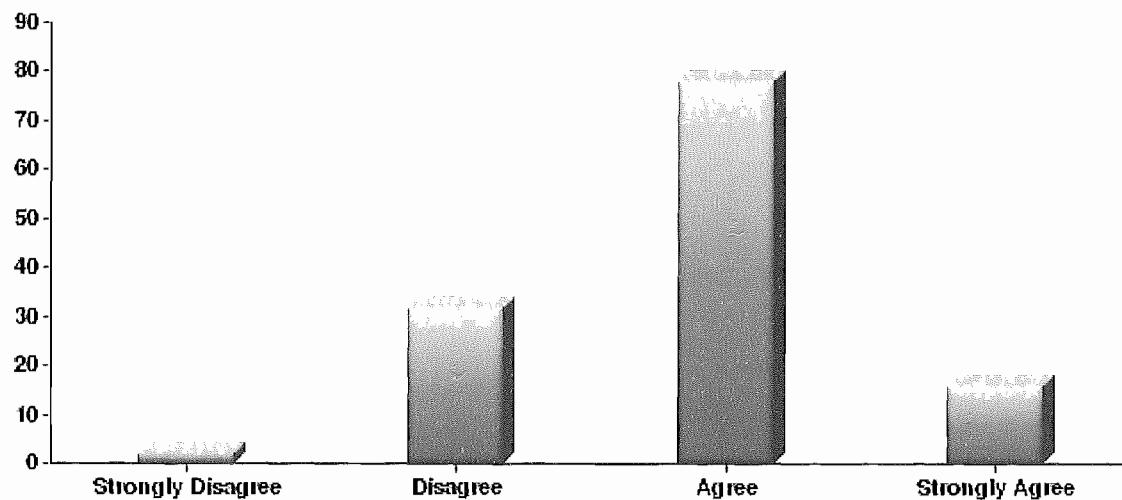


Figure 1. Knowledge of managing money and financial matters.

Question 10: I am confident in my financial security for the future. In the salary category 56 percent of the \$0-25,000 were not confident and 50 percent of the \$25,001-50,000 were also not confident. In the other income ranges the majority were confident in their financial security. Sixty seven percent (67%) of unemployed participants were not confident while 64 percent of management positions felt confident in the future. The under 55 age brackets were split in being confident and not.

Question 11: I regularly seek out financial information and advice. On this question there was no identifiable trend in the answers. Participants were split across the demographic criteria on their answers.

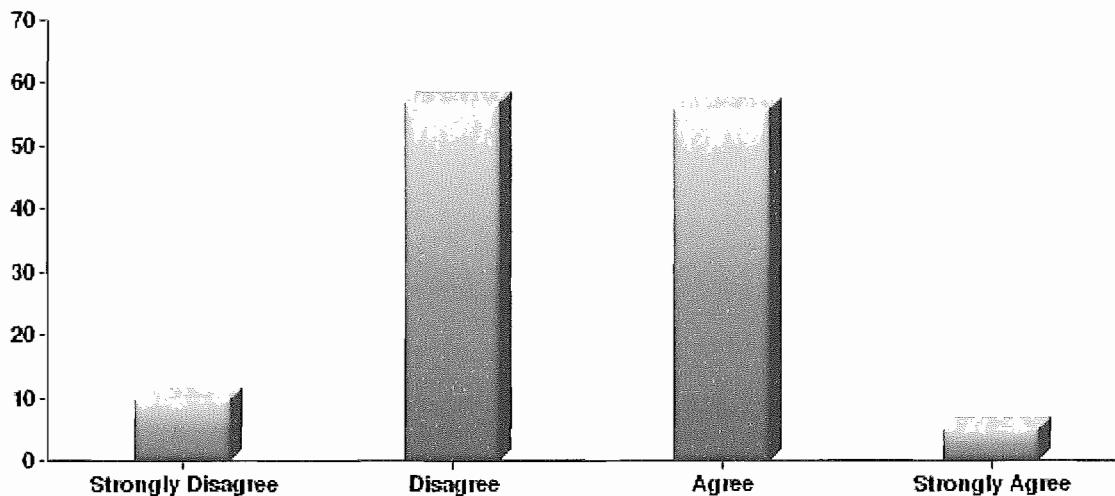


Figure 2. Seek out financial information and advice.

Question 12: I understand information I receive concerning financial products. For participants in the \$0-\$25,000 and \$25,001- \$50,000 income categories they were split between understanding the information they received and not understanding it. The higher incomes answered that the majority of them understood the information they received. High School/GED and 4-year College Degree was split 50/50 in feeling they understood information they received.

In the other educational categories the majority felt they understood the information they received concerning educational products.

Question 13: My spouse/partner handles all financial matters. The majority of participants across the board participate in financial matters in their households.

Question 14: I have concrete financial goals toward which I am working. The older participants aged 35 and up were more likely to be split on whether they had concrete goals they were working towards. They younger participants answered more positively that they were working towards concrete goals. In the salary category \$0-25,000, 56 percent have concrete goals and in the \$25,001- 50,000 category, 59 percent have concrete goals. All of the respondents in the 16-19 age category have concrete financial goals they are working towards. In the education category 46 percent of the High School/GED respondents have concrete goals. For the other respondents in the education category, the majority have goals they are working towards.

Question 15: I have investments in my own name. The younger participants and those that make less than \$50,000 a year were the majority of those who do not have investments in their own name.

Question 16: I know what my net worth is. The majority of participants in the \$0-25,000 category did not know what their net worth is. In the next level of income \$25,001-50,000, 50 percent did not know their net worth. When comparing the age groups under the age of 45 the majority of the participants do not know their net worth. Over the age of 45 the majority is aware of what their net worth is. The noticeable trend in the status category was that 71 percent of the single, never married do not know their net worth.

Question 17: Money decisions create tension or arguments in my household. The trend showed that ages 20 -24 and 45-54 indicted that money discussions can create tension in their household. Married with children 50 percent agreed that money decisions create tension in their household. Salary categories did not show any significant trends. High School/GED showed that 54 percent agreed that money decisions create tension and arguments in their household. The majority of the others in the education category disagreed that money decisions create tension.

Question 18: I am confident in making financial and investment decisions. Participants ages 16-19 and 45-54 and those in the income category \$0-25,000 were not confident in their financial and investment decisions. Occupation did not make a difference. Those in High School or that have a GED or some college education are less confident than those that have a 2-year degree or higher.

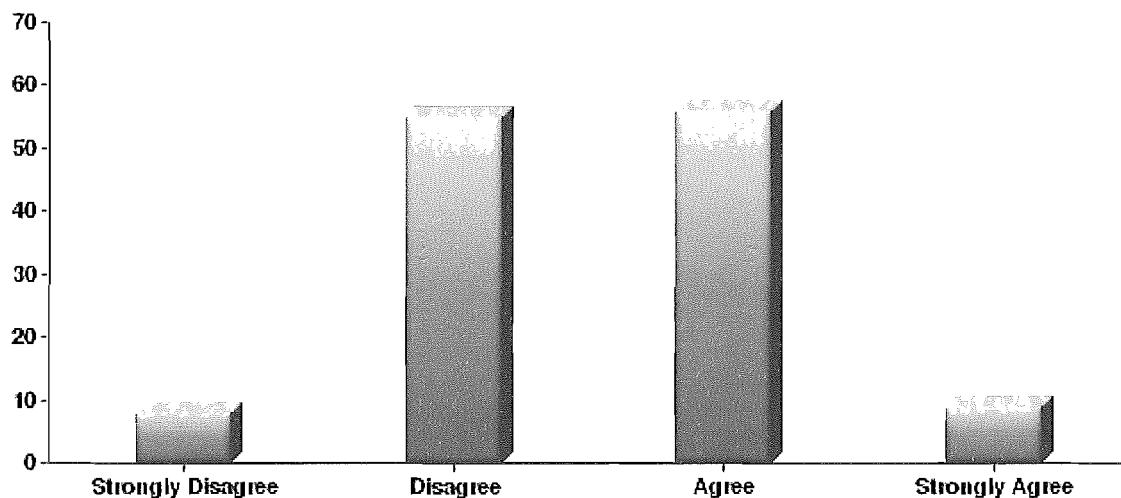


Figure 3. Confident in making financial and investment decisions.

Question 19: I dislike making financial and investment decisions. Participants in the \$0-\$25,000, \$25,001-\$50,000 and ages 16-19 and 20-24 tend to dislike making financial and investment decisions. Those that are in Management or Professional positions were split in the

number that disagreed with this question. In Sales and Service occupations the majority agreed with the statement but in Production occupations and the Retired members the majority disagreed. Seventy percent of those that are single dislike making financial decisions.

Question 20: I take advantage of my company's retirement plan. Participants age 16-24 indicated that the majority of them did not participate in their company's retirement plan. Seventy two percent in the category \$0-\$25,000 do not participate. In the education category those with some college or less, half participated in the company's retirement plan. Those with more education, the majority participate.

Question 21: I ask questions concerning my money and investments. The majority of the answers across the demographic categories ask questions concerning their money and investments.

Question 22: I read and understand the investment statements I receive monthly/quarterly. Participants that work in sales and office positions indicated that the majority did not read and understand the investment statements they receive. Also participants in the salary range \$0-\$25,000 category also did not read and understand their investment statements. The majority of those with a High School/GED did not understand the statements they receive.

Question 23: I make the maximum allowable contribution to my retirement plan each year. Seventy four percent (74%) of the participants do not contribute the maximum to their retirement account. The majority in all age and education categories did not make the maximum contribution. The only education area that did make the maximum contribution was in the Doctorial Degree. Those earning more than \$100,000 were more likely to make the maximum contribution to their retirement plan.

Question 24: I have attended a seminar or workshop relating to financial planning or investing. The majority of participants 16-34 have not attended a seminar or workshop relating to financial planning or investing. The majority of those who earn \$0-\$50,000 also have not attended a seminar or workshop.

Question 25: I stay informed on financial planning developments by reading newspapers and magazines. Sixty four percent (64%) of the participants do not stay informed on financial planning by reading newspapers and magazines. Ages 55-64 were more likely to stay informed than any other age group. The majority of those that are divorced, widowed or separated stay informed and those that are retired. Salary did not make a difference on those that stayed informed and those that did not. Those respondents that have earned their master's or above were more likely to stay informed than those with less education.

Question 26: There are resources available to me concerning money management and investing. The majority of all participants in all demographic categories felt there were resources available to them.

Question 27: Personal financial literacy and planning will improve my family's quality of life. The majority of respondents felt that personal financial literacy will improve their family's quality of life.

Question 28: There are training opportunities available concerning money management and investing. In the demographic categories of 16-19 year old and \$0-\$50,000 income category the majority felt there were not training opportunities available. Those that are single and never married did not feel there were training opportunities available. Across the board in the occupation demographics most agreed that there were training opportunities available.

Question 29: There is information available for women on money management and investing. Seventy nine percent (79%) of the participants felt that there is information available to women on money management and investing. However 63 percent of 16-19 year olds and 41 percent of 20-24 year olds disagree with the statement.

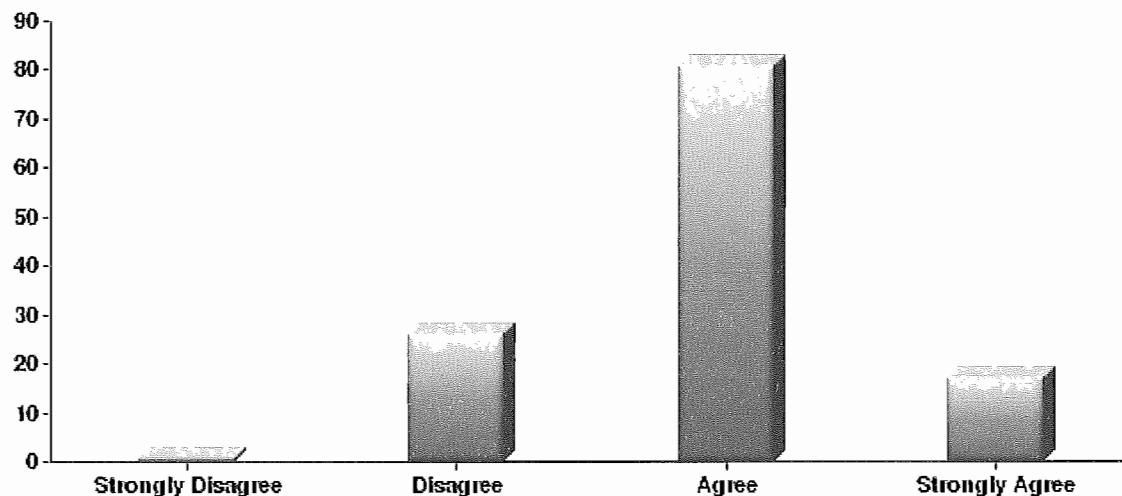


Figure 4. There is information available for women on money management and investing

Question 30: More resources and information are needed for women concerning money management and investing. Eighty one percent (81%) of the participants agree that there should be more information available for women. There were no trends in the demographic information that stood out more strongly for or against this question.

Question 31: Workshops/seminars on money management and investing would be helpful to me. Participants ages 45-64 and income categories \$0-\$50,000 were supportive of workshops on money management and investing would be helpful to them. There were no trends in any of the demographics.

Question 32: I would be interested in attending informational workshops on money management and investing. Forty-five percent (45%) of participants in the \$0-\$25,000 income

category are not interested in attending informational workshops. The majority of the other income categories are interested in attending workshops on money management.

Question 33: When reading my investment/retirement plan statement, I am: Eighty six percent (86%) of 16-19 year olds and 50 percent of 20-24 year olds are not very knowledgeable or not knowledgeable at all in reading their statements. Occupations were split basically half were knowledgeable and half were not. Seventy-six percent (76%) of the single, never married were not knowledgeable but the rest of the categories the majority felt they were knowledgeable. Those that earn less than \$25,000 fell into the category of not very knowledgeable when reading their statements.

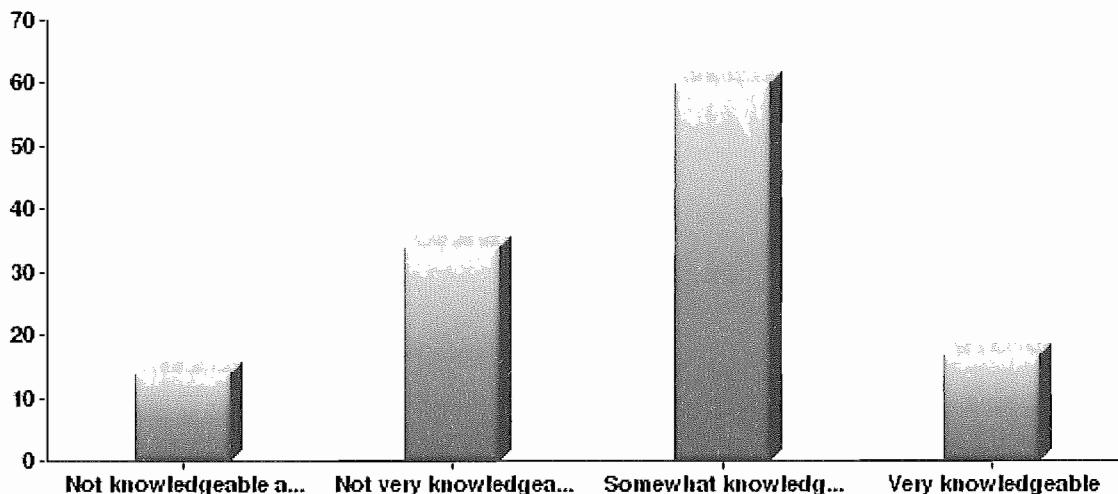


Figure 5. Understanding my investment/retirement plan

Question 34: My own knowledge of personal finance is: Most participants felt knowledgeable to some degree in their knowledge of their personal finance.

Question 35: When it comes to managing my money and financial matters I am: Eighty six percent (86%) of the participants felt knowledgeable when it comes to managing their money and financial matters.

Question 36: I know where to go for financial resources or information: Participants in the income level \$0-\$50,000 were less knowledgeable of knowing where to go for financial information than those in the higher income levels. Ages 16-19 years of age were split with half knowing where to go for financial resources or information.

Question 37: My own knowledge of the retirement plans for myself and my spouse is: Fifty four percent (54%) of participants that are married with children are not knowledgeable at all or not very knowledgeable of the retirement plan for themselves and their spouses. In the age category those that were 25 and up were more knowledgeable concerning the retirement plans than those that were younger. Those that had some college education or more were more knowledgeable on the retirement plans than those who had less education.

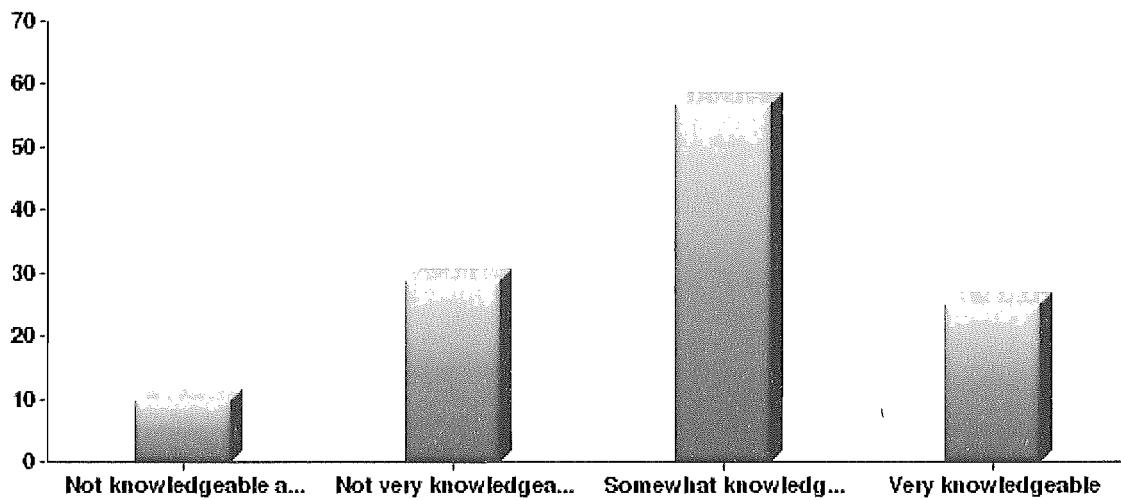


Figure 6. Knowledge of retirement plans for myself and my spouse

Chapter V: Discussion

An assessment of women's financial literacy was the focus of this study. The study was conducted through a literature review and an online survey. The survey was available online for two weeks in November of 2009. Participants varied in age from 16- 65 and older.

Limitations

One of the limitations of the survey was because it was confidential the researcher did not know how many of the participants would complete the survey and was unable to follow up with a reminder to specific individuals. Another limitation was the survey was written by the researcher and may not have identified correctly all demographic areas that should have been included in taking the survey. The survey was set up as a multiple choice instrument which may have limited the respondents in their answers, especially if none of the answers fit their circumstance exactly.

Conclusions

The primary focus of this study was to support or reject the assumptions that there are barriers women face preventing the knowledge and understanding of financial matters from being translated into actual behavior. Through the literature review and survey I found that there are some barriers that women face in regards to financial matters. In today's society women are becoming more knowledgeable in money and investment matters. However there is still the trend of women not participating fully in retirement planning and not as comfortable as men in seeking financial advice. Through the research on the topic, I found that education plays an important role in the financial literacy of women. Education needs to start at home and continue through business courses at the university level.

I feel the information in the survey indicated a need for workshops and seminars on money management and investing are needed but the way the material is presented needs to reflect the audience. Women invest differently from men and this should be taken into consideration when setting up a training opportunity.

Much of a women's attitude on managing money is instilled on them as they are growing up. Women are still brought up to be nurturers and caretakers. An interesting thought will be to see in the future if instilling more business traits in them as they grow up will impact the nurturer and caretaker role or if they will just add this area to the priorities in their life.

Recommendations

There are some things I would do differently if I were to conduct my research again. I would include some focus groups because I think the choices on the survey were often limiting and may not have captured the true picture. I missed the demographic group, single with children. That group should have been included and identified in my data. Also as with any survey there are questions I would have worded a little differently.

I would make the following recommendations:

- I would recommend that training be offered for women concerning money management and investing topics. The earlier the training is started the more chance women will take an active role in their money management
- More research should be conducted on Financial Abuse and resources made available to those that are subject to this form of abuse
- Training opportunities need to be offered specifically to women to address the circumstances that they are faced with in regards to money management and investing

Overall I believe my research did establish that women are interested in having opportunities to learn more about money management and investing. As a society, I feel the research is showing how important it is to educate women at a young age so they do not end their life in poverty.

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Appendix A

Survey

Assessment of Women's Financial Literacy

"This research has been approved by the UW-Stout IRB as required by the Code of Federal regulations Title 45 Part 46."

Please take a moment to answer the following questions as honestly and critically as you can. Any information you provide will be helpful in improving future programs and will be kept confidential. Thank you for your assistance.

1. What is your gender?

male female

What is your current age? (U.S. Census)

- Less than 16
- 16 to 19
- 20 to 24
- 25 to 34
- 35 to 44
- 45 to 54
- 55 to 64
- 65 years and over

What is your annual salary including bonuses and commissions in US dollars?

- \$0 - \$25,000
- \$25,001 - \$50,000
- \$50,001 - \$75,000
- \$75,001 - \$100,000
- \$100,001 - \$125,000
- \$125,001 - \$150,000
- \$150,001 - \$175,000
- \$175,001 - \$200,000
- \$200,001+

What is the highest level of education you have completed?

- Less than High School
- High School / GED
- Some College
- 2-year College Degree
- 4-year College Degree
- Master's Degree
- Doctoral Degree
- Professional Degree (JD, MD)

What is your current status?

- Single, never married
- Married without children
- Married with children
- Divorced
- Separated
- Widowed
- Living w/ partner

Please indicate your occupation.

- Management, professional, and related occupations
- Service occupations
- Sales and office occupations
- Farming, fishing, and forestry
- Construction, extraction, and maintenance occupations
- Production, transportation, and material moving occupations
- Government occupations
- Retired
- Unemployed
- Other

Please answer the following investment questions

	Yes	No
Do you currently invest?	<input type="radio"/>	<input type="radio"/>
Do you have budgeting responsibilities?	<input type="radio"/>	<input type="radio"/>
Do you contribute to a retirement or 401 (k) plan?	<input type="radio"/>	<input type="radio"/>
Do you currently contribute to an Education Account?	<input type="radio"/>	<input type="radio"/>
Have you ever consulted a Financial Advisor?	<input type="radio"/>	<input type="radio"/>
Are you currently using a Financial Advisor?	<input type="radio"/>	<input type="radio"/>

My parents talked to me about financial matters when I was growing up.

Strongly Disagree	Disagree	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I am struggling to make ends meet financially.

Strongly Disagree	Disagree	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I am well informed when it comes to my knowledge about managing my money and financial matters.

Strongly Disagree	Disagree	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I am confident in my financial security for the future.

Strongly Disagree	Disagree	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I regularly seek out financial information and advice.

Strongly Disagree	Disagree	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I understand information I receive concerning financial products.

Strongly Disagree	Disagree	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

My spouse/partner handles all financial matters.

Strongly Disagree	Disagree	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I have concrete financial goals toward which I am working.

Strongly Disagree	Disagree	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I have investments in my own name.

Strongly Disagree	Disagree	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I know what my net worth is.

Strongly Disagree	Disagree	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Money decisions create tension or arguments in my household.

Strongly Disagree	Disagree	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I am confident in making financial and investment decisions.

Strongly Disagree	Disagree	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I dislike making financial and investment decisions.

Strongly Disagree	Disagree	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I take advantage of my company's retirement plan.

Strongly Disagree	Disagree	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I ask questions concerning my money and investments.

Strongly Disagree	Disagree	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I read and understand the investment statements I receive monthly/quarterly.

Strongly Disagree	Disagree	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I make the maximum allowable contribution to my retirement plan each year.

Strongly Disagree	Disagree	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I have attended a seminar or workshop relating to financial planning or investing.

Strongly Disagree Disagree Agree Strongly Agree

I stay informed on financial planning developments by reading newspapers and magazines.

Strongly Disagree Disagree Agree Strongly Agree

There are resources available to me concerning money management and investing.

Strongly Disagree Disagree Agree Strongly Agree

Personal financial literacy and planning will improve my family's quality of life.

Strongly Disagree Disagree Agree Strongly Agree

There are training opportunities available concerning money management and investing.

Strongly Disagree Disagree Agree Strongly Agree

There is information available for women on money management and investing.

Strongly Disagree Disagree Agree Strongly Agree

More resources and information are needed for women concerning money management and investing.

Strongly Disagree Disagree Agree Strongly Agree

Workshops/seminars on money management and investing would be helpful to me.

Strongly Disagree Disagree Agree Strongly Agree

I would be interested in attending informational workshops on money management and investing.

Strongly Disagree Disagree Agree Strongly Agree

When reading my investment/retirement plan statement, I am:

Not knowledgeable at all	Not very knowledgeable	Somewhat knowledgeable	Very knowledgeable
--------------------------	------------------------	------------------------	--------------------

My own knowledge of personal finance is:

Not knowledgeable at all	Not very knowledgeable	Somewhat knowledgeable	Very knowledgeable
C	C	C	C

When it comes to managing my money and financial matters I am:

Not knowledgeable at all	Not very knowledgeable	Somewhat knowledgeable	Very knowledgeable
C	C	C	C

I know where to go for financial resources or information:

Not knowledgeable at all	Not very knowledgeable	Somewhat knowledgeable	Very knowledgeable
C	C	C	C

My own knowledge of the retirement plans for myself and my spouse is:

Not knowledgeable at all	Not very knowledgeable	Somewhat knowledgeable	Very knowledgeable
C	C	C	C