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BY SELECTED COLLEGE STUDENTS.

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THE COLLEGIATE COURSE IN PERSONAL FINANCE:

Measurement of Learning Accomplished by Selected College Students

A DISSERTATION

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RAY DEE BERNARDI

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1969

THE COLLEGIATE COURSE IN PERSONAL FINANCE:

Measurement of Learning Accomplished

by Selected College Students

APPROVED BY

Raymond R. White

Gerald A. Porter

Anthony S. Lis

Chipman G. Stuart

DISSERTATION COMMITTEE

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CHAPTER I

THE PROBLEM

Introduction

As it must, society is constantly changing with regard to the ways in which people live and earn their living. The observer of the American scene today will note particularly that the increasing complexity of society is necessitating almost constant adjustment by segments of the population.

Such a society requires sophisticated skills and training on the part of its citizens to cope with the complexities of living. The handling of one's personal finances has become a more difficult task as changes have taken place. To help people gain sophistication in the management of their finances, educational institutions are assuming the responsibility for providing courses with personal finance content at all educational levels. The need for this type of instruction has been recognized for some time. Kelsey wrote in 1960:

> A brief look at some of our nation's most pressing social problems shows clearly the effect of inadequate instruction in personal and family financial planning by the nation's schools and colleges.[1]

The point is further emphasized by Hunt, who says:

> . . . American youth and adults need help in developing basic understandings and skills in managing their personal and family finances if they are to measure up to their responsibilities as effective citizens and parents . . . American education should aid them in achieving these understandings and skills.[2]

It is becoming increasingly apparent that an important part of the education of all students is a solid, meaningful understanding of their role as economic contributors to our society.

Courses with personal finance content are not new at the secondary level. Such courses as general business, consumer problems, and consumer economics have provided high school students with instruction in how to manage their personal finances. The emphasis on these courses has fluctuated over the years. During the 1930's, increased emphasis was placed upon the so-called "social business" courses because the lack of employment opportunities decreased the immediate value of vocational business education. A period of decline in the emphasis on social business subjects was evident

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[1]R. Wilfred Kelsey, "Teaching Family Finance in the Business Curriculum," Business Education Forum, Vol. 14, No. 4 (January, 1960), p. 17.

[2]Herold C. Hunt, "Foreword," Education in Family Finance, A Report Prepared by the National Committee for Education in Family Finance (New York: National Committee for Education in Family Finance, 1962).

during and after the Second World War. Today, increased emphasis is again being placed upon consumer education. Briggs succinctly wrote:

> Now, once more, the schools are increasingly recognizing their responsibility to help young people to become better consumers. Since all of us are consumers and since relatively few of us will become maximally efficient without instruction, we ought to assume that consumer education is a universal need. Instead of being elected by a minority . . . appropriate consumer preparation should be required of all students . . . they all need it.[1]

At the secondary level, Illinois, New York, Iowa, Rhode Island, New Jersey, Michigan, and Idaho are presently requiring consumer education units in their schools.[2]

Although offered as general education, the basic business courses have enrolled only limited numbers of secondary school students in states other than those mentioned above. Often only those students majoring in business or home economics at the secondary level take courses with personal finance content. Consequently, many students are reaching our colleges and universities without adequate understandings of how to manage their personal finances.

About 1940, colleges and universities began offering courses in personal finance. Cohen and Hanson, in 1964,

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[1]Thomas Briggs, "Preface," The Bulletin of The National Association of Secondary School Principals, Vol. 51, No. 321 (October, 1967), p. 2.

[2]Dan Bonne, "Illinois Requires Instruction in Consumer Education," Business Education Forum, Vol. 23, No. 5 (February, 1969), pp. 21-22.

stated, "Since 1940, more than 650 colleges and universities have introduced courses in personal finance or some name-variant thereof."[1] The personal finance course offered at the college or university level is usually of the general education type. The College of Business Administration at the University of Oklahoma has offered such a course since 1951. Its bulletin provides the following description of the personal finance course:

> Prerequisite, sophomore standing. Non-technical personal finance; course designed to serve the needs of non-business majors. Practical applications in budgeting, banking, borrowing, insurance, investing, taxes, home ownership, family financial planning. Students in the College of Business working toward a Baccalaureate degree are not eligible for the course.[2]

Porter states, "Education in money management should be available to all students so that they may learn how to adjust to their economic environment."[3] The personal finance course offered by the College of Business Administration at the University of Oklahoma provides an opportunity for students to better make this adjustment. Although students from disciplines other than business are encouraged to enroll in the

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[1]Jerome B. Cohen and Arthur W. Hanson, Personal Finance, Principles and Case Problems (Homewood, Ill.: Richard D. Irwin, Inc., 1964), p. vii.

[2]Bulletin of the University of Oklahoma College of Business Administration, Norman, Oklahoma (April 1, 1968), p. 68.

[3]Gerald A. Porter, "Can Money Management Be Taught?" Special Report Number 6 (Norman, Okla.: The University of Oklahoma Program in Family Finance, September, 1964), p. 4.

course, most students still complete degree programs without taking personal finance.

The amount of discretionary purchasing power in the hands of American consumers amounted to $233 billion in the second quarter of 1967.[1] A large portion of this discretionary purchasing power was held by college graduates. Consequently, the college and university level course in personal finance should have a very important role to play in helping the college student learn how to manage his personal finances more successfully. In the opinion of Esther Peterson, former Special Assistant to the President for Consumer Affairs:

> There is too little education at present devoted to helping people spend their money wisely. Traditionally the emphasis in education has been on producer skills rather than consumer skills.[2]

Troelstrup is also concerned with how our institutions of higher education have been directing their educational emphases:

> Universities and colleges spend a tremendous amount of time and money in teaching us how to make a good living, but they have almost neglected teaching us how to live and spend money, time and energy for maximum happiness and good. There is no kind of education that is more important than that which seeks to make all of

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[1] Finance Facts, A Monthly Publication on Consumer Financial Behavior (Washington, D.C.: National Consumer Finance Association, Educational Services Division, November, 1967), p. 2.

[2] Esther Peterson in David Schoenfeld and Arthur A. Natella, The Consumer and His Dollars (Dobbs Ferry, N.Y.: Oceana Publications, Inc., 1966), p. v.

> us intelligent about our economic problems and which helps us to become more effective consumers.[1]

From the foregoing discussion, it is evident that personal finance is a course that would be of benefit to most college students. Most of them will take jobs, marry, raise families, live in communities, pay taxes, and vote. The preservation of our basically free-enterprise system will depend on their ability to make wise financial decisions. For all of them, therefore, a knowledge of personal finance should help them to be more successful in their endeavors.

Statement of the Problem

The problem of this study was to measure the learning in a college course in personal finance and to relate the measurement findings to the objectives of the course and to the textbook emphases.

It was the intent of this study also to compare the knowledge of personal finance possessed by students completing the course with the amount of knowledge possessed by a similar group of students who have not taken the course.

Delimitation

This investigation was conducted at the University of Oklahoma, Norman, Oklahoma. Although it is hoped that the findings of this study will be applicable outside of the

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[1]Arch W. Troelstrup, "Consumer Problems--A Basic Course," Business Education Forum, Vol. 8, No. 6 (March, 1953), p. 13.

University of Oklahoma, it should be recognized that the characteristics of the student body at the University of Oklahoma may differ somewhat from those elsewhere.

Limitation

Conclusions drawn from this investigation are subject to the following limitation:

Ogden's Achievement Test for Personal Finance was the only evaluation instrument available to fit the needs of this investigation. Consequently, this study depends upon the validity and the reliability of his test. Ogden furnished extensive statistical data both for the complete test and for each individual item on the test. According to the criteria of experts in the field of tests and measurements, Ogden's test meets the validity and reliability requirements considered necessary for a test of this type.

Source of Data

Several dissertations, theses, and writings in the professional literature furnished general background information on the subject of personal finance. Sources in the College of Business Administration at the University of Oklahoma and personal interviews provided information about the development and the goals of the personal finance course.

Several research studies were consulted with reference to the design of this investigation. Specifically, studies by Nelson,[1] Miller,[2] and Ousdigian[3] were helpful.

The primary data for this investigation were obtained by administering a test to the students taking personal finance during the spring, 1969, semester at the University of Oklahoma. The same test was administered to students in the College of Education who did not take the course. The scores from these tests provided the data about the learning that took place in the college course in personal finance, as well as the information needed for comparing these students with students of similar ability who did not take personal finance.

Procedure

The first step in this investigation was to review the literature concerning personal finance. Also, during this initial phase of the study, the literature relating to the use of test instruments was carefully studied.

The next step in this study was to review the historical development and the objectives of the personal finance

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[1] Robert Eric Nelson, "Business and Economic Understandings of College Freshmen" (unpublished Master's thesis, Northern Illinois University, 1964).

[2] James B. Miller, "A Comparison of Students' Knowledges of Fundamental Economic Concepts and Understandings Before and After a Course in General Business" (unpublished Master's thesis, University of Minnesota, 1963).

[3] Theodore O. Ousdigian, "Economic Understandings of Ninth-Grade Students" (unpublished Master's thesis, University of Minnesota, 1962).

course offered in the College of Business Administration at the University of Oklahoma. This step of the investigation involved not only perusal of the records and studies but also personal interviews.

The third step was to select an evaluation instrument. Only one instrument was found which would measure personal finance knowledges and understandings on the college level. This test, developed by Ogden in 1964, is described in more detail in Chapter III.[1]

The fourth step was to select the groups to be tested. Group A, the experimental group, was composed of all students enrolled in the course in personal finance during the spring semester, 1969, at the University of Oklahoma. Group B, the control group, consisted of students in the College of Education at the University of Oklahoma who had not taken the personal finance course.

The fifth step was to test, during the first week of the spring semester, the students in the personal finance classes. At the end of the spring semester, this group was tested again. Also, during the same semester, the group of students in the College of Education who were not taking

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[1]Russell Lee Ogden, "The Construction and Standardization of an Achievement Test Designed to Measure Personal Financial Knowledges, Understandings, and Applications Possessed by Selected College Students" (unpublished Ed.D. dissertation, Department of Education, Colorado State College, 1964).

personal finance were tested. The results of these tests provided the primary data for this study.

The sixth step was to analyze and interpret the data collected. For analysis purposes, random samples were selected from each group tested.

Whenever groups are to be compared, it is desirable to match them on variables that might affect their performance in an experimental situation. Persing[1] and Smith[2] used students' ACT scores in determining whether the groups being tested were of comparable ability. ACT scores were also used in this study to determine whether the samples were of equal ability. The means of the students' ACT scores were submitted to a t-test to determine whether any differences that existed between them were significant.

The final step in this investigation was to prepare this formal summation of the analysis of the literature, description and interpretation of the data collected, and the conclusions.

Experimental Design

Presented on page 11, the design of this investigation indicates the groups that were tested and the differences

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[1]Bobbye Sorrels Persing, "A Classroom Investigation of When to Begin New-Matter Dictation in Gregg Shorthand" (unpublished Ed.D. dissertation, University of Oklahoma, 1966), pp. 73-74.

[2]John William Smith, "Articulation of High School Bookkeeping and College Elementary Accounting" (unpublished Ed.D. dissertation, University of Oklahoma, 1968), p. 31.

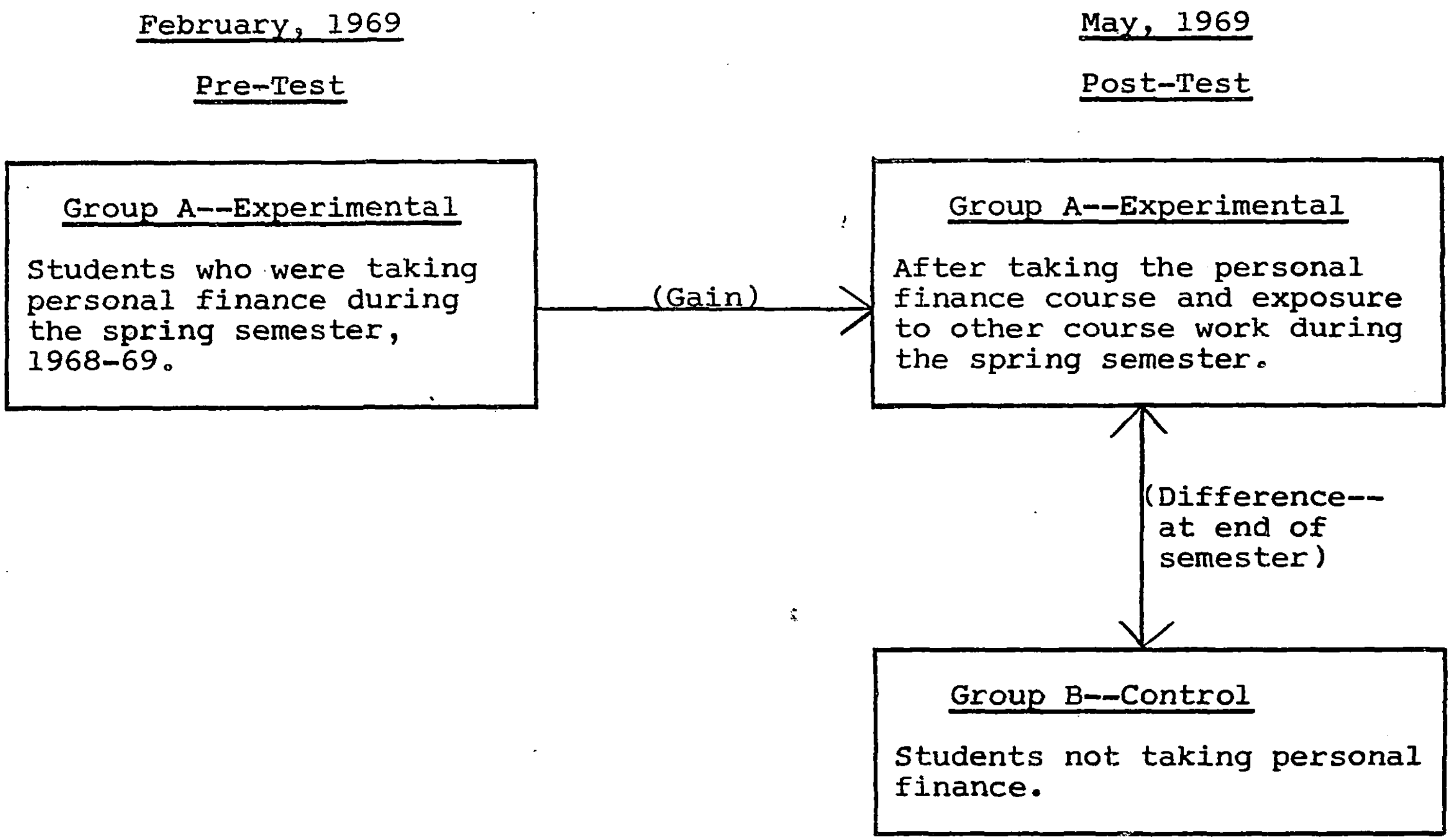

Fig. 1.--Experimental Design

appraised after the administration of the pre-test and the post-test.

The amount of within-group gain in knowledges and understandings about personal finance was analyzed. The amount of gain noted here between the pre- and post-test scores provided the information needed to appraise the learning in the three-semester-hour course in personal finance.

Between-group differences were determined after the post-test was administered to Group A. The data obtained indicated the extent of the difference in knowledges and understandings about personal finance possessed by these groups.

CHAPTER II

BACKGROUND

Articles, books, theses, dissertations, records, and personal interviews comprise the major sources for ideas and information about personal finance. Studies reviewed were concerned with research at the secondary and college level. Some dealt specifically with the type of problem with which this study is concerned. Others were similar to this investigation in design but dealt with different subject matter.

The literature review is presented here under the following headings: The Status of the Personal Finance Course as Offered at the College and University Level, Research Directly Related to Personal Finance, Research Indirectly Related to Personal Finance, and Research Related to the Design of the Present Investigation.

The Status of the Personal Finance Course as Offered at the Collegiate Level

A controversy has existed for some time about what and how much should be included in the college student's "general education" program. General education means many things to many people. It is sometimes regarded as synonymous with "liberal education." Informally, the term is usually thought to embody those common learnings necessary for each individual to live a successful and reasonably happy life. Many formal definitions of the term can also be found. A report of the California Study of General Education in the Junior College in 1951 presented the following definition:

> General education is that part of education which is concerned with the common knowledges, skills, and attitudes needed by each individual to be effective as a person, a member of a family, a worker, and a citizen.[1]

This definition emphasizes the common learnings needed by all people. The following definition by Good, an authority of long standing, emphasizes the difference between general and vocational education:

> (General education) . . . is a broad type of education aimed at developing attitudes, abilities, and behavior considered desirable by society but not necessarily preparing the learner for specific types of vocational or avocational pursuit.[2]

All people need to be educated more broadly than in the area of their specialties, and a function of general education is to expose students to the fundamentals of other disciplines. This broad, intellectual experience should be common to each student regardless of his own interests and vocational goals.

Departments and Colleges of Business Administration in the United States have had as one of their purposes the

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[1]B. Lamar Johnson, General Education in Action (Washington, D.C.: American Council on Education, 1952), p. 20.

[2]Carter V. Good (ed.), Dictionary of Education (New York: McGraw-Hill Book Company, Inc., 1945), p. 183.

provision of certain courses of a general educational nature for students studying in disciplines other than business. This philosophy is not of recent origin as far as collegiate schools of business are concerned. When the first School of Business was founded at the University of Pennsylvania in 1881, Joseph Wharton stated its purposes and objectives as:

> . . . to provide for young men special means of training and correct instruction in the knowledge and in the arts of modern finance and economy both public and private, in order that, being well-informed and free from delusions in these important subjects, they may either serve the community skillfully, as well as faithfully, in offices of trust, or, remaining in private life, they may prudently manage their own affairs and aid in maintaining sound financial morality; in short, to establish means of imparting liberal education in all matters concerning finance and economy.[1]

In the somewhat quaint language of his time, Joseph Wharton was speaking about the same topic brought out in the Ford Foundation Report in 1959. The Ford Foundation Report stated its position concerning the role that the College of Business Administration should play in the total structure of higher education:

> The business schools and departments have an obligation to make available to non-business students on the campus a small and select list of business courses that the latter will find useful, whether they eventually go into business or not. These would be courses not ordinarily taken by students in the business school. If these courses are properly planned and well taught, no

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[1]C. S. Marsh, "General Lee and a School of Commerce," Journal of Political Economy, XXXIV (October, 1926), p. 659. Quoted by L. C. Marshall in The Collegiate School of Business (Chicago: University of Chicago Press, 1928), p. 55.

> liberal arts college should be reluctant to accept them in partial fulfillment of the requirements for a liberal arts degree.[1]

The preceding quoted statements indicate that the authors believed that some personal business information would be useful to non-business students. This belief has persisted over the years from the founding of the first school of business until the present. In 1952, in studying the College of Business Administration at the University of Oklahoma, Dellasega reported similar views:

> Another function of the College of Business Administration is to provide basic courses in various fields of business for those people who want general information about economics and business. Students who enroll for courses in accordance with this function matriculate in other colleges within the University. They study a limited number of business courses because the information is directly or indirectly related to their major interests. While preparing young people for positions in business is the justification for having a College of Business Administration, the matter of serving other Colleges in the University is of the utmost importance. Rather large numbers of students are involved, and the influence of instruction in business is dispersed to all of the other Schools and Colleges in the University.[2]

Courses falling into this "service" category provide an opportunity for students to get instruction outside of their major area of study that will contribute significantly to their total education. Dellasega indicated further:

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[1] Robert Aaron Gordon and James Edwin Howell, Higher Education for Business (New York: Columbia University Press, 1959), p. 143.

[2] Charles Joseph Dellasega, "The Development and Present Status of Education for Business at the University of Oklahoma" (unpublished Ed.D. dissertation, the University of Oklahoma, 1952), p. 137.

> It is apparent that each department in the College of Business Administration serves three types of students: (1) those who major in the department, (2) those who major in another business department but need information to supplement their major interests, and (3) those students who matriculate in other colleges within the University and desire one or more business courses for personal use of general educational value.[1]

The personal finance course, with which this study is concerned, tends most often to serve students in categories two and three above.

In 1928, Bossard and Dewhurst made a study of the catalogs of 42 schools that belonged to the American Association of Collegiate Schools of Business. Four distinct objectives of these Collegiate Schools of Business were mentioned in the catalogs but objective Number 4, "To Provide Ethical and Cultural Foundations," is relevant to this report. Ten institutions involved in the survey lay stress upon their function:

> To give a cultural background; to prepare students to become better citizens; to give an understanding of modern social and economic problems; to teach economics and commerce from the broad, social point of view.[2]

The late 1920's were still tender years for the emerging Schools of Business. Yet, they were already perceiving their role as one of helping the college student become a better citizen through the more effective management of his personal business affairs.

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[1] *Ibid.*, p. 139.

[2] James H. S. Bossard and J. Frederic Dewhurst, *University Education for Business* (Philadelphia: University of Pennsylvania Press, 1931), pp. 267-268.

Griswold, in 1959, made a study that involved: (1) an analysis of catalog information from one hundred Collegiate Schools of Business, (2) personal visits to twenty-three leading business schools of different types in various parts of the country, and (3) personal interviews at these schools with some seventy teachers of finance subjects.[1] Chapter 15 on "Finance" in The Education of American Businessmen resulted from this study by Griswold. He found that the term "finance," as applied to a field of study, is somewhat more limited in scope than common usage implies. He stated, "Finance has been limited by the American Association of Collegiate Schools of Business (Standards of Membership, No. 4) to include courses in or derived from money and banking, business finance, corporation finance, and investments."[2]

Finance as a field of study separate from economics began to develop in the latter part of the nineteenth century.[3] Prior to that time, finance courses were usually found to be under the jurisdiction of economics departments. In addition to the traditional finance courses that were being offered in finance departments, about 1940, colleges and universities began offering the course with personal finance

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[1]John A. Griswold, "Finance," in Frank C. Pierson et. al., The Education of American Businessmen, A Study of University-College Programs in Business Administration (New York: McGraw-Hill Book Company, Inc., 1959), p. 392.

[2]Ibid., p. 393.

[3]Ibid., p. 393.

content. Griswold, in charts illustrating the organization of finance departments for the periods 1922-1939 and 1946-1958, indicated that personal finance was included in at least some finance department curricula during these periods.[1] About the personal finance course, Griswold has this to say, "Personal finance is sometimes offered as a service course for non-finance majors, but it has not played any role in the development of the finance curriculum."[2]

Porter believes that money management, which makes up a significant part of the instruction in the personal finance course, ". . . should be taught at all possible levels and in varied circumstances."[3] He goes on to say, "That money management is pertinent at the college level is evidenced by the increasing number of personal finance courses being offered throughout the country."[4] The College of Business Administration at the University of Oklahoma has been offering a personal finance course since the spring semester of 1951. Personal finance is one of the several courses offered in the College of Business Administration that play the "service" role for students from other colleges on the University of Oklahoma campus. Table 1 illustrates the

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[1] *Ibid.*, p. 394, 396.

[2] *Ibid.*, p. 396.

[3] Gerald A. Porter, "Can Money Management Be Taught?" *Review*, Vol. XVIII, No. 3 (Spring, 1967), p. 37.

[4] *Ibid.*

TABLE 1

ENROLLMENTS IN THE PERSONAL FINANCE COURSE (FINANCE 50)
(By Terms--1951-68)

School Year	Term: Fall	Spring	Summer	Total
1950-51	00	46	00	46
1951-52	21	20	00	41
1952-53	15	23	00	38
1953-54	25	26	00	51
1954-55	17	00	00	17
1955-56	11	00	00	11
1956-57	52	61	00	113
1957-58	50	57	00	107
1958-59	49	54	00	103
1959-60	34	63	00	97
1960-61	28	55	00	83
1961-62	00	41	00	41
1962-63	31	00	00	31
1963-64	00	00	00	00
1964-65	43	00	00	43
1965-66	101	107	00	208
1966-67	90	00	00	90
1967-68	43	88	9	140
Totals	610	651	9	1,270

Source: Annual Reports of the Dean of Admissions and Registrar, University of Oklahoma, Norman, Oklahoma, 1950-1968.

enrollment in the personal finance course for each year since its inception. Although there has been an upward trend in the absolute number of students enrolled in the course, the increase, as a percentage of total university enrollment, has not been significant.

In summation, this section has presented information about the origin and the status of the personal finance course offered today at the collegiate level. There is substantiation of the idea that the personal finance course is beneficial to students enrolled in the various departments and colleges in higher educational institutions.

Research Directly Related to Personal Finance

No study was found that had involved the testing of personal finance students at the collegiate level and the comparison of their knowledge of the subject with the knowledge held by students who did not take the course. However, many studies were found which related in certain ways to the present investigation. Following is a review, in chronological order, of those studies that were considered pertinent.

Beattie's study,[1] made in 1962, measured the relationship which exists between the amount of correct information about personal finance possessed by students and the direction

[1] A. Donald Beattie, "Relationships Between High School Pupils' Information and Attitudes Toward Personal Finance" (unpublished Ph.D. dissertation, University of Minnesota, 1962).

of their attitudes toward various phases of finance. Pupils enrolled in consumer education classes in Minnesota high schools during the 1960-61 school year constituted the population with which this study was conducted. Seventy-nine percent of the schools offering the course in Minnesota cooperated in the study.

When the hypothesis of no relationship between the amount of information known and attitudes toward personal finance was tested, most relationships were found to be significant. In only four situations tested was the hypothesis of no difference accepted. Although the correlation coefficients were considered to be significant, Beattie believes that consideration needs to be given to the degree of the relationships. In almost every instance the coefficient can be interpreted as being "very low" or "low"; consequently, for practical purposes one can assume but little relationship between the amount of information known and the direction of one's attitude toward personal finance.[1] Beattie concluded, "One, therefore, should not expect to teach desirable attitudes toward personal finance on the basis of information alone."[2]

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[1]*Ibid.*, p. 97.

[2]*Ibid.*, p. 104.

Anderson's study[1] relates significantly to the one done by Beattie. The problem of his study was to determine the effectiveness of the teaching of money management values and attitudes by a high school department of business education. An especially constructed questionnaire was administered to freshman and senior business and non-business students at Main Township High School East, Park Ridge, Illinois. The statements on the questionnaire were classified into the following areas of consumer education: (1) installment buying, (2) consumer purchasing, (3) budgeting, and (4) savings. Anderson concluded that:

> 1. In a majority of the instances, more freshman business students than freshman non-business students maintained those attitudes which business educators consider important.
> 2. In a majority of the instances, more senior non-business students than business students maintained those attitudes which business educators consider important.[2]

Anderson's study did not explain why there was an exact reversal in the attitudes maintained between freshman and senior students.

Another similar study was done by Nelson.[3] The problem of his study was to determine whether any change occurred

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[1]John Norman Anderson, "A Study to Determine the Relationship of the Money Management Attitudes of Freshmen and Senior Business and Non-Business Students at Main Township High School East, Park Ridge, Illinois" (unpublished Master's thesis, Northern Illinois University, 1964).

[2]*Ibid*., p. 63.

[3]Keith W. Nelson, "Students' Attitudes Toward Selected Personal Finance Topics" (unpublished Master's thesis, University of Minnesota, 1966).

in high school student attitudes toward saving and investing, money management, credit, and insurance as a result of completing a course in consumer education in which these topics were studied. The measuring instrument, Beattie's "Survey of Student Opinions Toward Personal Finance," was administered to high school students as a pre- and post-test. For analysis purposes, the 48 participants were divided into five sub-groups: entire group, males and females, juniors and seniors, ability levels, and socio-economic background. The groups' pre-test and post-test scores were examined to determine direction of attitude change. A t-test was used to test the hypothesis that there is no significant difference between the pre-test and post-test mean scores of the various groups on the topics.

Nelson's findings that were pertinent to the research reported here are as follows:

> 1. There was a significant change in the following groups' attitudes toward all four of the personal finance topics: entire group, females, juniors, seniors and below-average students.
> 2. There was a significant change in the males' attitudes toward three of the topics.
> 3. There was no significant change in the attitudes of the students with above-average ability toward any of the topics.
> 4. There was a significant change in the attitudes of the students with average ability toward three of the topics.
> 5. There was evidence indicating that studying the four personal finance topics had some effect on the students' attitudes toward the topics.
> 6. Of the 56 sets of pre-test and post-test mean scores, 53 showed changes in attitude in a positive or more favorable direction.

> 7. There is evidence indicating that the study of the four personal finance topics had a tendency to change the students' attitudes in a favorable direction.[1]

Nelson recommended that further study be made of finding number three to determine why the above-average students' attitudes showed no significant change.

The three studies just reviewed were completed during the preceding 11-year period. All were concerned with personal finance and money management in some form. Each of them attempted to measure the change in attitudes of students after they completed a course or courses with personal finance content. The pre/post-test method was used in carrying out these investigations. In the study by Anderson, comparisons of attitude change toward personal finance were made with control groups. In the Beattie and Nelson studies, no comparisons with control groups were made.

The results of these research studies were not consistent. Anderson and Nelson concluded that there is evidence that the study of personal finance has a tendency to change the students' attitudes in a favorable direction, while Beattie concluded that one should not expect to teach desirable attitudes toward personal finance on the basis of information alone.

Research Indirectly Related to Personal Finance

Several studies other than those just discussed were also concerned to some degree with personal finance. The

[1] *Ibid.*, p. 78.

studies reviewed in this section represent a selective sample of the most pertinent research in this category.

To measure the consumer knowledges and concepts possessed by liberal arts college students at Macalester College, Knapp constructed a test that covered the main areas of consumer education.[1] The objective of his study was to find out how different groups of students performed on the test. The test was administered to 120 students in regular classes under practically identical circumstances. The following conclusions resulted from Knapp's study:

> 1. A precedent was established for further research into consumer ability of school, college, and university groups.
> 2. While it is not determinable just how effective college students would be as consumers, the test indicated that probably half of the students tested showed a rather poor grasp of common consumer knowledges and concepts.
> 3. It can be affirmed that differences in test scores were <u>not</u> due to single factors such as the sex of the student, his marital status, his major in economics or the lack of it, his grade or year in school, or the scholastic standing of the student.
> 4. The introduction of a course of study in consumer education into the college curriculum, open to all students, would seem to be justifiable.[2]

Knapp also presented a short history of the consumer movement in the United States that included the highlights of the development of consumer education.

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[1]Charles William Knapp, "A Test to Determine Certain Consumer Knowledges and Concepts Possessed by College Students at Macalester College" (unpublished Master's thesis, University of Minnesota, 1952).

[2]*Ibid.*, p. 85.

The purpose of Jelley's investigation[1] was to determine the money management understandings of second-semester high school seniors. The four major steps in the study were:

> 1. To isolate the topics dealing with money management which are of greatest importance;
> 2. To determine the extent of twelfth-grade students' understandings of these money management topics;
> 3. To determine whether differences in mastery are associated with differences in socio-economic status, academic achievement, and sex; and
> 4. To suggest how the evidence gathered can be used in curricular planning.[2]

This study measured the mastery of money management facts and concepts of 603 second-semester high school seniors in five Cincinnati high schools. The testing was not restricted to seniors who were business majors or who had had a general business course, but included <u>all</u> seniors, regardless of particular academic background.

A 60-item, multiple-choice test and an accompanying interview guide was constructed to measure understandings in three major areas: (1) Borrowing money and using credit, (2) Managing personal finances, and (3) Insurance. An effort was made to interview from 15 to 20 percent of the individuals from each class who completed the test.

Both the test and the interview results in the Jelley study indicated that 12th grade students could have profited

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[1]Herbert M. Jelley, "A Measurement and Interpretation of Money Management Understandings of Twelfth-Grade Students" (unpublished Ed.D. dissertation, University of Cincinnati Teachers College, 1958).

[2]<u>Ibid</u>., p. 1.

by more instruction in a number of topics dealing with borrowing money and using credit. Student understandings of "Computing Finance Charges" were particularly low. Other topics dealing with borrowing money and using credit on which understandings were low were: "Characteristics of Installment Credit" and "Sources and Types of Loans Available to Consumers." Understanding of "Life Insurance" topics was also quite low. On the other hand, students showed evidence of possessing considerable understanding of "Managing Personal Finances."

On each section of the test, Jelley made statistical comparisons among the test scores of students who differed in socio-economic status, academic achievement, and sex. In general, this study revealed that in most money management areas, students from the upper socio-economic groups and the higher academic achievement groups possessed the greatest understandings. These findings suggest that lower achievers and those from lower socio-economic groups be given special attention to reduce the chances of their being exploited by unethical and unscrupulous vendors.

The purpose of Blockhus' study[1] was to determine whether basic business students of highly creative teachers show more growth in creativity and money management understandings than students of less creative teachers. Students

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[1]Wanda A. Blockhus, "Creativity and Money Management Understandings" (unpublished Ph.D. dissertation, University of Minnesota, 1963).

of six creative and six non-creative teachers were given pre-tests and post-tests of money management understandings and the Test of Imagination, Basic Business Form. The scores were analyzed on five classifications: (1) money management understandings, (2) business creativity tasks, (3) fluency on four general creativity tasks, (4) flexibility on four general creativity tasks, and (5) originality on four general creativity tasks. Three hypotheses were tested for each of the above classifications for students of six creative and six non-creative teachers. The following conclusions were drawn from the findings of this study:

> 1. Students of the six creative teachers showed significant gains on originality on the four general creativity tasks.
> 2. Students of three of the creative teachers showed significant gains on fluency on the four general creativity tasks.
> 3. The gains made by students of the creative teachers were more significantly greater than the gains made by students of non-creative teachers on the Money Management Understandings Test, Business Creativity Tasks, and Flexibility on four general creativity tasks.[1]

Blockhus' study is unique to business education. Its implication for and influence on teaching methods in basic business should be far-reaching.

Jackson[2] attempted to determine the effects of a course in consumer economics on the basic business

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[1] Ibid., p. 90.

[2] Clayton Jackson, "A Study to Determine the Effects of a Course in Consumer Economics on the Basic Business Understandings of the 12th Grade Students at Waupun Senior High School for the Year 1964-65" (unpublished Master's thesis, Wisconsin State University, Whitewater, Wisconsin, 1964).

understandings possessed by 12th grade students. Specifically, he attempted to determine if there were any significant changes in the ability to understand principles of personal finance as a result of completing a course in consumer economics. He further attempted to determine:

> 1. If a change is clearly indicated, is it related to intelligence?
> 2. If a change is clearly indicated, is it related to level of scholastic achievement?

A standardized test, prepared by Beattie[1] as part of his doctoral thesis, was given in seven senior English classes. The same instrument was used as a pre- and post-test. Jackson reached the following conclusions after analyzing his data:

> 1. When the criterion used was the difference in performance of all seniors from the pre-test to post-test, the results indicated an increase in the mean scores, but this increase was not large enough to be significant.
> 2. When the scores of all the students who had taken the consumer economics course were compared with scores of those who had not taken the course, there was a significant difference between the groups.[2]

In design, the Jackson study was quite similar to the research on personal finance reported here.

Down[3] directed her investigation toward the money-management practices of Canadian teen-age white and Indian

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[1]Beattie, op. cit.

[2]Jackson, op. cit., p. 95.

[3]Sister Mary Margaret Down, "Cultural Analyses of the Concept of Money Management" (unpublished Ed.D. dissertation, Cornell University, 1965).

students. Her purpose was to discover the students' awareness of money management and to ascertain differences, if any, between the two cultures. Questionnaires were received from 471 students in six Canadian high schools in grades 9 and 10 in Quebec, Ontario, and British Columbia. There were 222 parents of these students who also replied to a separate questionnaire. Down reached the following conclusions:

> 1. Both Indian and white teen-agers are interested in the main aspects of money management and do want more information about it.
> 2. All students need more assistance in helping them to plan the spending of their money and to keep records. Parents generally do not exert a strong influence in these areas.
> 3. The divergence between Indian and white students in their thinking on the subject is not great. The discrepancy that does exist could be caused by several factors including residence of Indians on isolated reservations as well as the cultural conflict that does exist with regard to the concept of saving.[1]

Down hoped that the findings resulting from her study would make money management at the junior and senior high school level more meaningful.

The problem of Peters' study[2] was to investigate the relationship between the development of personal-business knowledges and understandings and enrollment in general business courses and certain student-oriented factors. Peters

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[1] *Ibid.*, p. 75.

[2] Robert M. Peters, "Some Factors Related to Achievement of Personal-Business Knowledges and Understandings of High School Students" (unpublished Ph.D. dissertation, University of Minnesota, 1965).

investigated six specific problems, but only the first two are relevant to the present study.

> 1. Do those 9th grade students who have taken a 9th grade general business course score higher on the Forkner test than those students who have not taken the course?
> 2. Do 12th grade students who have taken a course in general business at the 9th grade level score higher on the Forkner test than those who did not participate in such a course.[1]

Peters concluded that the only factor that is favorably related to the development of personal-business knowledges and understandings of 9th and 12th grade students is enrollment in a 9th grade general business course. Student-oriented factors considered in this study were general scholastic ability, socio-economic background, and sex.

In summary, the research reviewed in this section was concerned to some degree with subject matter that contained personal finance content. Each study used an evaluation instrument that was either constructed by the researcher as part of the study or selected from the limited number of tests available in the area being studied.

The studies by Blockhus and Jackson used a pre-test, post-test design. Studies by Jelley, Peters, and Knapp did not use a pre-test but attempted to evaluate the knowledge of personal finance possessed by students after having completed a course containing personal finance content. Blockhus' study determined which type of teachers are more

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[1] *Ibid.*, p. 1.

effective in teaching money management understandings--those who are considered to be creative or those considered to be non-creative. Down's study was unique to this group in that it investigated the effects of cultural background on students' awareness of money management concepts.

Research Related to the Design of the Present Investigation

The remaining research studies that are reviewed here contain pertinent information regarding design. The following studies were selected for review solely because of their designs and not because they were concerned with the subject of personal finance.

Ousdigian's study[1] attempted to determine whether 9th grade students who took a basic business course had a greater increase in knowledge of fundamental economic concepts at the end of the school year than students with the same general ability and socio-economic background who had not taken the basic business course. The measuring instrument used was the Standard Achievement Test in Economic Understandings for Secondary Schools. A total of 368 students took the pretest and 334 took the post-test.

To determine the socio-economic background of the students, the Minnesota Scale for Paternal Occupations was

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[1]Theodore O. Ousdigian, "Economic Understandings of Ninth-Grade Students" (unpublished Master's thesis, University of Minnesota, 1962).

used. Each parental occupation group of basic business students was matched with the same number of non-basic business students. Ousdigian found that:

1. The socio-economic background as measured by parental occupations does not affect a student's economic understandings.
2. Although the gain scores did not give evidence of it, the results of the post-test revealed that the general ability of a student does have an effect upon his capacity to learn certain economic concepts.
3. Since the basic business students scored much better on the post-test than the non-basic business students in the highest ability group and in the average ability group, it can be assumed that these students learn basic economic concepts in the junior high school classroom rather than in everyday experiences outside the classroom.
4. Academically talented as well as average ability students benefit from taking a course in economic education.
5. There is a greater difference between the mean test scores of the basic business and non-business students on the post-test than on the pre-test regardless of their general abilities.[1]

With regard to both the design and procedure, Ousdigian's study parallels the present investigation quite closely.

Miller,[2] in 1963, made a study to determine the comparative increase or decrease in knowledge of economic concepts or understandings between the 9th grade general business students and the 9th grade non-general business students between September and May of the 1961-62 school year in Melrose High School, Melrose, Minnesota. The measuring

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[1] *Ibid.*, pp. 81-82.

[2] James B. Miller, "A Comparison of Students' Knowledges of Fundamental Economic Concepts and Understandings Before and After a Course in General Business" (unpublished Master's thesis, University of Minnesota, 1963).

instrument used was the Kansas Test of Economic Understandings for secondary schools. Students were classified as to parental occupations and general abilities by the use of information from parts of the Differential Aptitude Test. The mean scores of the general business students in all occupation groups were considerably higher than those of the non-general business students on the post-test. Mean scores in each general business group were significantly higher than the corresponding non-general business group on the post-test. The study also revealed that all students, regardless of level of ability, can increase their knowledge of economic understandings of these areas when they are taught in the classroom.

Nelson selected as the problem for his study the determination of the value of the introduction to business course offered at Northern Illinois University.[1] Information was obtained through the use of a pre-test, a post-test, and a personal data sheet. The following conclusions were reached by Nelson:

> 1. From the results of the pre-test, a definite lack of business and economic understandings is evident.
> 2. The fact that some students had general business or economics or both of these courses in high school had relatively no effect on the results obtained from the pre-test.
> 3. The effects of taking business courses in high school on the final outcomes of the post-test are negligible.

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[1]Robert Eric Nelson, "Business and Economic Understandings of College Freshmen" (unpublished Master's thesis, Northern Illinois University, 1964).

4. An increase in average scores from 39 on the pre-test to 56 on the post-test indicates that students do have a better knowledge of business and economic understandings on the completion of the introduction to business course.

5. There is a close relationship between the final grade received in introduction to business and the scores on the post-test.

6. The school rank or general ability of the student is a more accurate indicator of success in understanding the concepts presented in the introduction to business course than previous knowledge gained in courses in economics and general business presented on the high school level.[1]

Nelson believes, "The basic business education program must be reevaluated in terms of present-day needs of the students in handling personal business and economic problems."[2]

Each of the three research studies discussed in this section was concerned with determining students' economic understandings after having completed a course or courses with economic content. The pre-test/post-test design was used in each case. The Miller and Ousdigian studies were concerned with high school students. Nelson's study was done with college freshmen as subjects. In the three cases, the researchers used published tests in their investigations. Where comparisons were made between students who had completed a course with economic content with those who had not, those who had completed the course made the greater gains between pre- and post-test scores.

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[1] *Ibid.*, p. 63.

[2] *Ibid.*, p. 65.

Summary

Chapter II has consisted of a comprehensive review of the literature, both published and unpublished, which relates to the present investigation. The status of personal finance as a college or university course was reviewed first. The literature revealed that personal finance is usually offered as a service course for students from other disciplines on college and university campuses. Although many doctoral and master's research studies relating to the present study were found, none investigated the problem of this research study.

CHAPTER III

DESIGN AND PROCEDURE

The primary data for this investigation were obtained at the University of Oklahoma during the second semester, 1968-69, from the administration of a pre-test and post-test to a group of students enrolled in a personal finance course and a single test to a group of students in the College of Education who had not taken personal finance. This chapter presents in detail the procedures followed in carrying out the study. They are presented under the following headings: The Sample, The Measuring Instrument, Collection of Data, and Statistical Tools and Hypotheses to be Tested.

The Sample

To increase the veracity of and the ability to generalize from the findings of this investigation, random selection of the samples to be analyzed was carried out. These random samples were selected from two sub-populations of students from the University of Oklahoma. The first sample, "personal finance students," came from students taking a course in personal finance in the College of Business Administration. The second sample, "non-personal finance students," came from students enrolled in classes in the College of Education.

After the tests were administered, but preliminary to drawing the samples, the composite ACT score for each participating student was obtained. Students were eliminated from participation in the final stages of the study either if their ACT scores were not available or if they had already had instruction in personal finance. Of the 307 students originally tested, 44 were eliminated for one of the above reasons. Table 2 indicates the pattern of the testing procedure.

The remaining 263 test papers in the two groups were prepared for random selection, following the procedure recommended by Downie and Heath,[1] West,[2] and Mandel.[3] Each test paper was numbered consecutively and stacked in its respective group. A table of random numbers was employed in selecting 30 test papers from each group. Upon the selection of the samples, the composite ACT score for each subject was noted and tabulated. The mean, the standard deviation, and the standard error of measurement for each of the groups were determined.

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[1] Downie and Heath, op. cit., p. 121.

[2] Leonard J. West, "Sampling Techniques," The Delta Pi Epsilon Journal, Vol. V., No. 4 (July, 1963), pp. 115-125.

[3] B. J. Mandel, "Statistical Sampling," The Delta Pi Epsilon Journal, Vol. VII, No. 2 (February, 1965), pp. 53-61.

TABLE 2

TEST SUBJECTS AND TESTING SCHEDULE

Classes Tested	Date Tested: Pre-Test	Date Tested: Post-Test	Acceptable Test Papers From Each Class	
Finance 50	2-03-69	5-19-69	38	
Finance 50	2-03-69	5-19-69	46	
Sub-Total				84
Education 141	2-06-69	0	18	
Education 141	2-07-69	0	41	
Education 52	2-12-69	0	51	
Education 52	2-12-69	0	45	
Education 290	3-21-69	0	14	
Education 141	3-25-69	0	10	
Sub-Total				179
Total				263

The primary purpose of obtaining the composite ACT score for the subjects was to determine whether they were equal in scholastic ability. As was reported in Chapter I, two studies previously done at the University of Oklahoma used this procedure and found it to be satisfactory.[1, 2] According to Conrad, Fricke, and Findley, "The ACT test is constructed not only to measure the acquisition of subject matter, but also to test the student's ability to use whatever knowledge he possesses in the solution of complex problems."[3] The ACT reports five scores: English Usage, Mathematics Usage, Social Studies Reading, Natural Sciences Reading, and Composite. ACT scores are used to make selective college admissions, for advanced placement, scholarship awards, sectioning, and counseling.[4] For the purposes of this study, the ACT scores were used to insure that the groups being compared were of equal ability. On the basis of the previous discussion, the ACT scores were regarded as a valid measure of one's ability to perform on a test such as the one used in this study.

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[1]Smith, op. cit., p. 31.

[2]Persing, op. cit., pp. 73-74.

[3]Herbert Conrad, Benno Fricke, and Warren G. Findley, "ACT Technical Report," The Sixth Mental Measurement's Yearbook, O. K. Buros, Editor (Highland Park, N.J.: The Gryphon Press, 1965), p. 2.

[4]Warren G. Findley, "Review of ACT Forms 2-AC, 2-BR, 4-AC, and 4-BR," The Sixth Mental Measurement's Yearbook, O. K. Buros, Editor (Highland Park, N.J.: Gryphon Press, 1965), p. 9.

To determine whether the groups were of equal ability, a t-test was computed between the means of the ACT composite scores of the two groups. The means of Groups A and B were 21.13 and 23.20 respectively. The computed t-value of 2.095 was not significant at the .01 level. Therefore, the groups were considered to be of equal ability. With this conclusion, further analysis of the data was feasible. Mandel provides an appropriate closing to this discussion of the sample: ". . . the use of sampling implies a willingness to tolerate some minor imperfections or a reasonable range of error, since sampling always involves some elements of risk."[1]

The Measuring Instrument

Because the results of this investigation depended so heavily upon the quality of the measuring instrument used in collecting the primary data, further consideration of the test is provided here. A search of the literature revealed only one test for evaluating college students' knowledge and understanding of personal finance. That test was developed by Ogden as a doctoral study in 1964.[2] The test consists of 60 four-answer, multiple-choice items. Carlson states, "The multiple-choice or best-answer tests are designed to measure kind and quality of reasoning."[3]

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[1]Mandel, op. cit., pp. 53-54.

[2]Ogden, op. cit.

[3]Paul A. Carlson, "The Measurement of Business Education," Monograph Number 18 (Cincinnati, Ohio: South-Western Publishing Company, 1932), p. 19.

Ogden was careful to insure that his test possessed validity and reliability. Four basic steps were involved in the establishment of the test's validity. They were:

1. A topical analysis of textbooks in personal finance.
2. A determination of topics currently taught on college and university campuses.
3. Judgment by national authorities of the importance of the topical areas obtained in step two above.
4. Judgment by national authorities of the importance of "levels of learning" to be measured by the standardized test.[1]

Validity is often defined as the degree to which an evaluative instrument actually serves the purposes for which it is intended. In this case, the intention was to measure the knowledge and the understanding of personal finance possessed by selected college students. Validity is, no doubt, the most important characteristic of an evaluative instrument. No matter what other characteristics a test may possess, if it is not valid to an adequate degree, the test is of no value.

Although there are several types of validity, Ogden determined only the content validity of his test. A test that possesses content validity attempts to include a cross-sectional sampling of the universe of items representing the areas in which the student's performance is being evaluated.[2]

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[1] Ogden, op. cit., p. 41.

[2] J. Stanley Ahmann and Marvin D. Glock, Evaluating Pupil Growth (2nd ed.; Boston: Allyn and Bacon, Inc., 1963), pp. 294-295.

Downie and Heath view content validity as a non-statistical type of validity that is usually associated with achievement tests.[1] When a test is so constructed that it adequately covers the content and the objectives of a course or part of a course of learning, it is said to have content validity.[2]

Ogden's division of the study of personal finance was based upon the careful analysis of eight personal finance textbooks used in college and university personal finance classes. This division into topical content areas provided the basis for allocating the items on the test to the various areas in a logical, scientific manner.

The list of topical areas was submitted to college professors of personal finance who were asked either to agree or to disagree on the inclusion of the various areas in the study of personal finance. Twelve professors at various colleges and universities returned the questionnaire.

The topical list was revised on the basis of the returns from the professors of personal finance. Subsequently, this revised list was submitted to sixteen national authorities in personal finance for their evaluation of the importance of each of the topical areas. They were asked to rate them on a "5 to 1" (descending order) basis to determine the importance attached to each of the areas. From the rating

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[1]Downie and Heath, op. cit., p. 223.

[2]Ibid.

of the topical areas, the percentage of test items to be allotted to each major area was ascertained. Ogden divided the study of personal finance into thirteen categories. However, for the purposes of the present study, the division of the content into only seven categories was considered appropriate. Table 3 indicates the topical content areas into which personal finance has been divided and the number of items on the test that were allocated to each of the topical areas.

The following list of definitions clarifies what is included in the seven content areas of personal finance depicted in Table 3:

> <u>Planning</u>--Financial planning is necessary for the orderly management of family affairs; it makes easier the gaining of happiness and security, it furthers the development of the family, and it implements the disposition of property in accordance with the wishes of the family.
>
> <u>Buying</u>--As a fundamental, basic element in the sustenance of a family, buying is a creative function that involves decision making and the exercise of judgment; it should result in better living and each act of buying should be an enjoyable experience that contributes to the enhancement of the use of the product or the service that is bought.
>
> <u>Borrowing</u>--As a financial tool or device, borrowing has the potential for improving in substantial ways the welfare of the individual family as that family pledges future income so that it may have more goods and services today than if it had to pay cash; for this privilege of forward buying, the family must pay a price.
>
> <u>Saving</u>--Saving is the technique of using financial resources carefully and only for the needs substantiated in the family value system; it involves the conserving of resources by avoiding waste; and it can be accomplished by any family without regard for amount of income.

TABLE 3

ASSIGNMENT OF ITEMS ON OGDEN'S TEST
(By Content Area)

Content Areas	Test Items Assigned To Each Area	Number of Test Items In Area	Percent of Total
Planning	3, 5, 6, 11, 15, 25, 31, 39, 40, 48, 55, and 59	12	20.00
Buying	12, 14, 16, 20, 27, 29, 32, 35, 37, 47, 50, and 60	12	20.00
Borrowing	1, 8, 18, 33, 45, and 58	6	10.00
Saving	7, 19, 22, 23, 28, and 41	6	10.00
Investing	24, 26, 34, 46, and 54	5	8.33
Protecting	2, 4, 9, 10, 17, 21, 36, 38, 42, 44, 49, 51, 56, and 57	14	23.33
Sharing	13, 30, 43, 52, and 53	5	8.33
Totals		60	100.00*

*Rounded.

Investing--People who have money over and above the amounts required for their immediate consumer spending increase their wealth and enhance their well-being by investing in things that produce income, grow in overall value, and provide other social benefits.

Protecting--Insurance is the base or foundation upon which most individuals and families depend as they structure their finances so as to establish the kinds of financial security that are essential for personal and social growth and stability.

Sharing--It is the voluntary and the involuntary pooling of resources that make it possible for people to receive and to pay for the mass benefits that are designed to make continued living more certain and enjoyable. People share through various local, state, and federal taxes.[1]

This division of the study of personal finance is comprehensive and adequately covers the range of topics usually studied in a personal finance course.

After the content validity of Ogden's test was determined by opinions from national authorities in the field of personal finance, the Kuder-Richardson Formula 20 was used to determine its reliability. This formula is used to determine the coefficient of correlation for internal consistency and reliability of a test. The coefficient of reliability for Ogden's test, measured by the Kuder-Richardson Formula 20, was .74.[2] According to the authorities surveyed by Ogden relative to what this correlation coefficient should be, he determined that .74 was adequate.

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[1]Material presented by Gerald A. Porter at the National Conference of Family Finance Coordinators, Chicago, Illinois, November, 1968.

[2]Ogden, *op. cit.*, p. 103.

In establishing norms for his test, Ogden used 833 subjects in the North Central section of the United States. The mean score was 27.07 for the group of students that participated in the test's standardization. Ogden made the following observations about his test:

> The test can serve as a valid and reliable measuring instrument . . . for judging the effectiveness of a course in personal finance; as a final evaluation of students enrolled in a personal finance course; as a means of clarifying and reevaluating objectives of a personal finance course; and as a means for teacher reevaluation of his methods, techniques, and materials taught in a personal finance course.[1]

The average item discrimination coefficient was .316 with a range from .06 to .59. According to authorities such as Bean,[2] Nunnally,[3] and Downie,[4] an average item discrimination of .316 is considered adequate.

Analysis of the 180 alternative options to the multiple-choice items indicated that 90 percent were satisfactorily discriminating between the upper and the lower scoring population tested. Items ranged in difficulty from .12 to .78. Downie and Heath, in their discussion of item difficulty, state:

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[1] Ibid., pp. 124-125.

[2] Kenneth L. Bean, Construction of Educational and Personnel Tests (New York: McGraw-Hill Book Company, Inc., 1953), pp. 156-157.

[3] Jum C. Nunnally, Educational Measurement and Evaluation (New York: McGraw-Hill Book Company, Inc., 1953), pp. 136-137.

[4] N. M. Downie, Fundamentals of Measurement: Techniques and Practices (New York: Oxford University Press, 1958), p. 189.

> With most tests, we wish to discriminate throughout the range. We wish to be able to grade students on the conventional letter system or on some other classification scheme using the results of the test. To have a test which discriminates over the entire range, items are selected which range from very easy to very difficult and which average, in the long run, to a difficulty value of 50 percent.[1]

Nunnally concedes, "Although the optimum average item difficulty index should be around .50, a range from .20 to .80 is considered acceptable.[2]

To provide a benchmark against which to compare the scores of people who later take the Ogden test, percentile norms were calculated. These norms were calculated for the whole test as well as for the individual categories of freshmen, sophomores, juniors, and seniors.

Collection of Data

The problem of this investigation was to measure the learning in a college course in personal finance and to relate the measurement findings to the objectives of the course and to the textbook emphases. In addition, it was the intent of this study to compare the knowledge of personal finance possessed by students completing the course with the knowledge possessed by a similar group of students who did not take the course.

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[1]N. M. Downie and R. W. Heath, Basic Statistical Methods (2d ed.; New York: Harper & Row, Publishers, 1965), pp. 228-229.

[2]Nunnally, op. cit., p. 133.

To obtain the necessary data, Ogden's test was administered to eight college classes. For the pre-test, the personal finance students were tested in their individual classes. On their post-test, they were brought together on the evening of May 19, 1969, and the test was administered to both classes simultaneously. Students in the education classes were tested during regular periods of 50 minutes each.

Uniform instructions were given before each test administration. Every effort was made to insure the uniformity of the entire testing procedure among the various classes. Students taking the test were told that the results would have no bearing on their grade in the course and that they were to answer each question to the best of their ability. No correction was made for guessing even though there is a distinct possibility that guessing might have been a factor in determining some of the students' scores.

Statistical Tools and Hypotheses to be Tested

In attempting to reach decisions about the significance of differences between and among groups, it is useful to make some assumptions about the populations involved. Such assumptions or hypotheses, in general, are statements about the probable distributions of the populations. Hypotheses reflect the research worker's guess as to the probable outcomes of his experiment. The principal advantage of well-thought-out hypotheses is that they place clear and specific goals before the research worker and provide him with a basis for selecting samples and research procedures to meet these goals.[1]

The statistical theory and methods employed in the analysis of data play an ever-increasing role in decision making. No matter how we decide problems arising in everyday life, we must face the risk of making a wrong choice and suffer whatever consequences that are involved. A major task of statistics is to evaluate such risks and to provide criteria which minimize the chances of making wrong decisions.

For this study it was desired to determine whether the students enrolled in a personal finance course possessed a significantly different amount of knowledge about personal finance than non-personal finance students. Also, it was desired to ascertain whether there was a significant difference between the pre- and post-test scores of students who took the personal finance course. A t-test of the differences between the means was utilized to test for the significance of these differences.

Hypotheses can be stated in a number of different forms. For this study, null hypotheses were formulated. Although the null hypothesis does not necessarily reflect the researcher's expectations, Borg states, "It is used principally because it is better fitted to our statistical

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[1]Walter R. Borg, Educational Research, An Introduction (New York: David McKay Company, Inc., 1963), p. 32.

techniques, many of which are aimed at measuring the likelihood that a difference found is truly greater than zero.[1]

If differences exist, and they are not significant at the 1 percent level, they may reasonably be attributed to chance. The level of significance was set at 1 percent in this study because it was desired to avoid rejecting a true hypothesis. Rejecting a true hypothesis, which is a Type I error, would mean in this case assuming that a difference exists when actually there is no difference. The consequences of this decision then would be to continue the personal finance course under the impression that it was making a contribution to the ability of students to manage their personal finances. Errors of this type may be reduced by making a more rigorous test, such as putting the _alpha_ level at 1 percent.[2]

On the other hand, if the significance level is low, there is a greater chance of making a Type II error, that of accepting a false hypothesis. This would mean accepting a condition of no difference when there actually was a difference. The consequences of this decision would be to state that the personal finance course is of no value or of limited value in contributing to the ability of students to manage their personal finances. The Type I error is preferred to

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[1] _Ibid._, p. 32.

[2] Downie and Heath, _op. cit._, p. 129.

Type II in investigations of this type because it is less serious. The researcher should be more willing to retain (in error) a course which is making a doubtful contribution than to discard (in error) one which may be making a significant contribution. Downie and Heath state, "Most research workers prefer to be cautious, and they try to limit the probability of making a Type I error."[1]

The t-test used in this study falls into the category of parametric statistics which requires that the parent population be normally distributed and that the subjects be assigned to groups in a random or unbiased manner. The samples were checked for homogeneity to insure that they were drawn from a normal population. A table of random numbers was utilized to insure the randomness of the samples.

The hypotheses tested in this study consisted of two major hypotheses with seven sub-hypotheses attached to each major hypothesis. The results of these tests are presented in Chapter IV. Specifically, the hypotheses tested were:

> $H_o 1$: There are no differences in the <u>overall</u> performance on Ogden's test, other than those resulting from chance, between the pre- and post-test scores of those students who take personal finance.
>
> > Sub-$H_o 1_1$: There are no differences in performance in the area of <u>planning</u> on Ogden's test, other than those resulting from chance, between the pre- and post-test scores of those students who take personal finance.

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[1] *Ibid.*, p. 129.

Sub-H_o1_2: There are no differences in performance in the area of buying on Ogden's test, other than those resulting from chance, between the pre- and post-test scores of those students who take personal finance.

Sub-H_o1_3: There are no differences in performance in the area of borrowing on Ogden's test, other than those resulting from chance, between the pre- and post-test scores of those students who take personal finance.

Sub-H_o1_4: There are no differences in performance in the area of saving on Ogden's test, other than those resulting from chance, between the pre- and post-test scores of those students who take personal finance.

Sub-H_o1_5: There are no differences in performance in the area of investing on Ogden's test, other than those resulting from chance, between the pre- and post-test scores of those students who take personal finance.

Sub-H_o1_6: There are no differences in performance in the area of protecting on Ogden's test, other than those resulting from chance, between the pre- and post-test scores of those students who take personal finance.

Sub-H_o1_7: There are no differences in performance in the area of sharing on Ogden's test, other than those resulting from chance, between the pre- and post-test scores of those students who take personal finance.

H_o2: There are no differences in the overall performance on Ogden's test, other than those resulting from chance, between those students who take personal finance and those who do not.

Sub-H_o2_1: There are no differences in performance in the area of planning on Ogden's test, other than those resulting from chance, between those students who take personal finance and those who do not.

Sub-H_o2_2: There are no differences in performance in the area of buying on Ogden's test, other than those resulting from chance, between those students who take personal finance and those who do not.

Sub-H_o2_3: There are no differences in performance in the area of <u>borrowing</u> on Ogden's test, other than those resulting from chance, between those students who take personal finance and those who do not.

Sub-H_o2_4: There are no differences in performance in the area of <u>saving</u> on Ogden's test, other than those resulting from chance, between those students who take personal finance and those who do not.

Sub-H_o2_5: There are no differences in performance in the area of <u>investing</u> on Ogden's test, other than those resulting from chance, between those students who take personal finance and those who do not.

Sub-H_o2_6: There are no differences in performance in the area of <u>protecting</u> on Ogden's test, other than those resulting from chance, between those students who take personal finance and those who do not.

Sub-H_o2_7: There are no differences in performance in the area of <u>sharing</u> on Ogden's test, other than those resulting from chance, between those students who take personal finance and those who do not.

CHAPTER IV

PRESENTATION, ANALYSIS, AND INTERPRETATION OF THE DATA

Although this chapter has as its primary goal the presentation of the test data collected in this investigation, it also will present information regarding the objectives of the personal finance course. One of the major purposes of this study was to relate the learning in a college course in personal finance to its objectives and to those topics which are emphasized in personal finance textbooks. Therefore, the information presented in the first section of this chapter must be considered as essential to the completion of this study.

Objectives of Personal Finance

According to the request submitted by the College of Business Administration to the University of Oklahoma Board of Regents that a personal finance course be added to the College of Business Administration course offerings, the original objective of the course was, "To acquaint students with the elements of finance to enable them to manage their personal financial affairs successfully."[1] The document listed no other objectives but did include an outline of the topics to be covered in the personal finance course. Twenty-two separate topics were to be covered during the semester. Evidently these topics covered the full range of information needed by the student to accomplish the goal set for the course.

The document further stated, "The course is primarily designed (1) for students in other departments as a service course, and (2) as an elective for students other than finance majors."[2] This statement bears out the information presented in the first section of Chapter II concerning the status of the personal finance course at the collegiate level.

Interviews with individuals who were either formerly or are presently associated with the course proved to be enlightening. On March 19, 1969, Mr. John Leibenderfer gave several hours of his time to a discussion of the origin and the background of the personal finance course offered at the University of Oklahoma.[3] From his comments, certain information regarding the original objectives of the personal finance course were obtained.

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[1]Statement of the Content of a Course submitted for approval to the Board of Regents of the University of Oklahoma by the College of Business Administration, the University of Oklahoma, Norman, Oklahoma, March 6, 1953.

[2]*Ibid*.

[3]Personal Interview with Mr. John Leibenderfer, Norman, Oklahoma, March 19, 1969.

Mr. Leibenderfer was the individual primarily responsible for getting personal finance added to the College of Business Administration course offerings. Mr. Leibenderfer's motivation was a belief that the traditional courses in economics and finance were not doing the job needed in teaching college students to manage their personal finances. Not all students were taking economics and/or finance and those who did received instruction aimed at the theoretical rather than the more practical, personal aspects of the subjects. Mr. Leibenderfer's objective for the course was to provide for students of all disciplines information that they were unlikely to get in other courses. Although a course in consumer problems in family economics was offered in the Department of Home Economics at the University of Oklahoma, Mr. Leibenderfer did not believe that the course contained a sufficiently broad range of subject matter. He wanted to include such practical topics as banking, borrowing, insurance, investments, and taxation.

During the next three years Mr. Leibenderfer endeavored to get personal finance formally accepted as a subject offering in the College of Business Administration. Mr. Leibenderfer's first task in getting the course accepted was to convince his colleagues in the Department of Finance that personal finance was a worthwhile course offering at the university level. Next, he carried his "crusade" to the College of Business Administration Curriculum Committee. After furnishing evidence that at least 180 well-known colleges and universities in the United States were currently offering a course called personal finance, he convinced the Curriculum Committee to recommend that the subject be added to the course offerings of the College of Business Administration. Although he began teaching personal finance at the University of Oklahoma in the spring of 1950, it was not until the spring of 1953 that it was officially adopted as an offering of the College of Business Administration.

Mr. Leibenderfer was the only teacher of personal finance at the University of Oklahoma until his retirement in 1959. The subject was first offered in 1950, and only 1,270 students had completed it through the summer term of the 1967-68 school year. This number is small when the total university enrollment for the same period is considered.

The present instructor of the personal finance course also discussed with this researcher the objectives of personal finance at the University of Oklahoma. Like most instructors, he believes that he probably does not give proper coverage to each topic. Apparently, either most of the topics are covered in class discussion or the students are asked to read about them on their own. He stated:

> My major objective is for the personal finance students to obtain a general knowledge of each of the content areas covered in the course. Specifically, I want them to learn the vocabulary of personal finance and to be aware of the pitfalls with regard to the financial dealings that each citizen must face in his daily living. In this regard, I feel that college

> students are oftentimes victimized by salesmen of various types, mainly because they are the ones who tend to have more money to spend.[1]

He believes that he should have more time than the 45 clock hours available in one semester to give adequate coverage to the subject matter but that two semesters would be too long.

In the preface of the textbook currently being used in the personal finance course at the University of Oklahoma, the authors state: "This book was written to give practical help to the person who wants to do a better job of managing his personal finances."[2] They expressed the concern, "If an individual is willing to devote years to preparing for a better-paying job, he should surely be willing to devote some study to the vitally interesting and important subject of the sensible use and management of money."[3] Objectives may be defined as something toward which effort is directed and are often thought of as the aim or goal of actions. The authors of the textbook being used in personal finance chose to break down the objectives or goals of individuals into personal and economic categories. This was done with the realization, of course, that no recommended objective or group of objectives should be determined for any particular

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[1] Personal interview with Mr. Edward C. Bartsch, University of Oklahoma, Norman, Oklahoma, April 24, 1969.

[2] Elvin F. Donaldson and John K. Pfahl, <u>Personal Finance</u> (4th ed.; New York: The Ronald Press Company, 1966), p. v.

[3] <u>Ibid</u>.

individual. They adopt the point of view that, in a free society, each person or family may work toward different objectives. However, they do state certain personal and economic goals that are fundamental for most people.

Personal goals include:
A. Achieving happiness.
B. Earning money and learning how to spend it wisely.
C. Good health (a prerequisite to the first two goals).
D. Anticipating accomplishments and seeing that they become a reality.
E. Learning (education makes it possible to enjoy life more fully).
F. Leisure (learning to enjoy one's leisure time).[1]

Economic goals include:
A. Security, which in this case means freedom from fear of loss of the economic means to provide for needs.
B. A high standard of living. This refers to the level of consumption of material goods and services which is maintained by the individual or family.
C. The last but not least important economic goal is to accumulate an estate.[2]

The foregoing are, then, the objectives the authors of the personal finance textbook purported to pursue in their writing for students.

To provide additional proof of the validity of the test used in this investigation for evaluating the knowledge students might gain by completing a course in personal finance, a comparison of the coverage of the personal finance content areas in the textbook and on Ogden's test was made. The results of this comparison are presented in tabular form

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[1] *Ibid.*, pp. 8-11.

[2] *Ibid.*, pp. 11-14.

in Table 4. When the number of pages devoted to each personal finance content area was compared with the number of items on Ogden's test devoted to that particular content area, the coverage correlated satisfactorily in each of the areas. To quantify this relationship, a Pearson _r_ correlation coefficient was computed. The coefficient amounted to .54. Garrett states, "A correlation coefficient from .40 to .70 is considered to be substantial or marked."[1] With the assumption that the test instrument used in this study is valid, the students' level of performance should indicate their potential ability to manage their personal finances successfully.

Presentation and Analysis of the Test Data

The major hypothesis that there are no differences in the overall performance on Ogden's test other than those resulting from chance between the pre- and post-test of those students who take personal finance was first tested. Subsequently, the seven sub-hypotheses (listed at the end of Chapter III) that are related to this hypothesis were tested. Next, the major hypothesis of no differences in the overall performance on Ogden's test other than those resulting from chance between students who take personal finance and those who do not was tested. Finally, the seven sub-hypotheses

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[1] Henry E. Garrett, _Elementary Statistics_ (New York: Longmans, Green and Company, 1956), p. 116.

TABLE 4

TEXTBOOK AND TEST COVERAGE OF THE CONTENT AREAS OF PERSONAL FINANCE*

Content Areas	Textbook		Ogden's Test	
	Pages	Percentage	Items	Percentage
Planning	135	20.21	12	20.00
Buying	105	15.72	12	20.00
Borrowing	27	4.04	6	10.00
Saving	42	6.29	6	10.00
Investing	197	29.49	5	8.33
Protecting	123	18.41	14	23.33
Sharing	39	5.84	5	8.33
Totals	668	100.00**	60	100.00**

*The correlation coefficient between the textbook and test is .54.

**Rounded to make percentages total 100.

related to the second major hypothesis were tested. The results of these tests follow. For analysis purposes, the personal finance and non-personal finance students are referred to as Groups A and B respectively.

Comparison of Pre/Post-Test Results of Group A

The design of this investigation required that the students taking personal finance be administered a pre- and post-test to measure the effects of the course on their knowledges and understandings of personal finance. The pre-test was administered on February 3, 1969, during the first week of the spring semester. The post-test was administered on May 19, 1969, during the final week of the spring semester.

On the pre-test, the students in Group A achieved a mean of 22.70 with the median score at 23 and a mode of 19. The highest and lowest scores on the pre-test were 34 and 15, respectively, with a range of 19 points. On the post-test, Group A demonstrated a mean of 37.37 with a median score of 36 and a mode of 40. In absolute terms, the mean score gained 13.67 points. The highest and lowest scores on the post-test were 56 and 26, for a range of 30 points.[1]

The statistical technique used in analyzing the data obtained for this study was the t-test of differences between means. The application of the t-test of differences between means was made after these two basic assumptions were met:

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[1]Raw score data are presented in the appendix.

first, that the samples were randomly selected, and second, that the variances of the groups were homogeneous. The assumption of randomness was satisfied by the random assignment procedures described in Chapter III. Homogeneity of variance was verified by the F-test. The variances of the groups were calculated and the smallest variance was divided into the largest variance. The quotient yielded from this division was the F-value that was in turn interpreted for statistical significance by the use of a table of F-values. Because the F-value was not statistically significant, the conclusion was drawn that the variances were homogeneous. The *alpha* level for testing all hypotheses was set at .01. The rationale for choosing the .01 level of confidence was discussed in Chapter III.

The first major hypothesis predicted that *there would be no differences between the mean scores of the personal finance students on the pre- and post-test*. When subjected to a statistical test, this hypothesis was rejected. The t-value of 8.615 exceeded that required for rejection of the null hypothesis at the .01 level of confidence ($_{.01}t = 2.756$).[1]

To increase the value of the analyses made in this investigation, the personal finance learnings were broken down into seven content areas so that each could be analyzed

[1]Since the N's were equal in each sample and all statistical differences were tested at the .01 *alpha* level, this information will not be repeated.

individually and strengths or weaknesses in any of the areas could be discovered. The null hypotheses were postulated that no differences other than those resulting from chance exist between the pre- and post-test means in the seven content areas. The results of these tests are presented in Table 5.

The null hypothesis of no significant difference between the pre- and post-test means of personal finance students in the content areas of planning, buying, borrowing, saving, investing, and protecting was rejected. The t-values of 3.518 and above exceeded those required for rejection of the null hypothesis at the .01 level of confidence. Only in the content area of sharing was the null hypothesis of no differences between means accepted. In this case, a t-value of 2.695 was computed.

Further analysis of Table 5 reveals some additional interesting and relevant facts about the data. Taking into account the number of test items in each content area, buying and saving registered the greatest percentage gains from pre- to post-test, with 29 and 31 percent respectively. Sharing and planning had the lowest percentage increases with 19 and 15 percent.

Comparison of Test Results--Groups A and B

The second major hypothesis predicted that there would be no differences between the mean scores of the personal

TABLE 5

SUMMARY OF DATA COMPARING PRE/POST-TEST SCORES OF GROUP A
(By Areas)

Content Areas (Number of Test Items in Each Area)	Test	Mean	Median	Mode(s)	Range	"t" Value
Planning (12)	Pre	5.63	6.00	6.00	1 - 10	3.688*
	Post	7.63	7.00	9.00	4 - 12	
Buying (12)	Pre	3.90	4.00	4.00	2 - 6	7.391*
	Post	7.27	7.00	7.00	4 - 12	
Borrowing (6)	Pre	2.53	2.00	2.00	0 - 5	5.722*
	Post	4.23	4.00	4.00, 5.00	2 - 6	
Saving (6)	Pre	2.03	2.00	1.00	0 - 4	6.048*
	Post	3.83	4.00	4.00	2 - 6	
Investing (5)	Pre	1.70	2.00	2.00	0 - 4	3.518*
	Post	2.80	3.00	3.00	1 - 5	
Protecting (14)	Pre	5.30	5.00	5.00	2 - 9	6.708*
	Post	9.13	9.00	9.00, 12.00	5 - 14	
Sharing (5)	Pre	1.60	1.00	1.00, 2.00	0 - 4	2.695**
	Post	2.47	3.00	3.00	0 - 5	

*Significant at the .01 level.

**Not significant at the .01 level.

finance and non-personal finance students on Ogden's test. Only one test was administered to the non-personal finance students, since they would not be likely to significantly increase their knowledge of personal finance during the semester. The comparisons made in this case were between the post-test means of the personal finance students and the single-test means of the non-personal finance students.

This hypothesis was submitted to a statistical test and was found to be significant at the .01 level of confidence. Consequently, the null hypothesis of no difference was rejected. Analysis of the data reveals a mean of 22.37 for Group B (non-personal finance) and 37.37 for Group A (personal finance). The median and mode scores for Group B were 23 and 24 and for Group A, 36 and 40. The range for Group B was from 11 to 33, or 22 points. The range for Group A was from 26 to 56, or 30 points. The t-value computed for this significance test was 9.289 and indicated that the difference in means was significant.

The hypotheses of no differences between the means of Groups A and B in the seven content areas of personal finance were also postulated. As is indicated in Table 6, all of the differences were significant at the .01 level of confidence. Consequently, the null hypotheses of no difference are rejected in every case. In each of the seven content areas, the students taking the personal finance course scored significantly higher than those who did not take the course.

TABLE 6

SUMMARY OF DATA COMPARING GROUPS A AND B
(By Areas)

Content Areas (Number of Test Items in Each Area)	Group	Mean	Median	Mode(s)	Range	"t" Value*
Planning	A	7.63	7.00	9.00	4 - 12	3.709
(12)	B	5.76	5.00	5.00	2 - 9	
Buying	A	7.27	7.00	7.00	4 - 12	6.880
(12)	B	3.77	4.00	5.00	0 - 9	
Borrowing	A	4.23	4.00	4.00, 5.00	2 - 6	5.506
(6)	B	2.60	3.00	3.00	0 - 4	
Saving	A	3.83	4.00	4.00	2 - 6	5.774
(6)	B	2.27	2.00	2.00	0 - 5	
Investing	A	2.80	3.00	3.00	1 - 5	3.849
(5)	B	1.70	2.00	2.00	0 - 3	
Protecting	A	9.13	9.00	9.00, 12.00	5 - 14	6.838
(14)	B	4.77	4.00	3.00, 4.00	0 - 9	
Sharing	A	2.47	3.00	3.00	0 - 5	2.991
(5)	B	1.50	2.00	2.00	0 - 4	

*All "t" values were significant at the .01 level.

In analyzing the differences in the means of Groups A and B in each of the content areas, the absolute difference is meaningless. The number of test items in each area must also be taken into consideration. Each difference was computed as a percentage of the items in that particular content area. When this factor was considered, the content areas of buying and protecting showed the greatest difference. The content areas of planning and sharing differed the least.

Interpretation of the Data

The primary purpose of this study was to measure the learning in a college course in personal finance and to relate the measurement findings to the objectives of the course and to the textbook emphases. The intent of this study was also to compare the knowledge of personal finance possessed by students completing the course with the amount of knowledge possessed by a similar group of students who had not had the course.

The data presented and analyzed in the two previous sections of this chapter are now interpreted for their significance in answering the questions posed in this study. The major hypotheses, stated in question form are: (1) What is the extent of learning in a college course in personal finance? (2) How does the learning relate to the objectives of the course and to the textbook emphases? (3) Do students who complete a course in personal finance achieve significantly higher on a personal finance test than students who have not had the course?

Interpretation of Pre/Post-Test Scores of Group A

When the hypothesis of no difference between the mean scores of the pre- and post-tests of Group A was subjected to statistical analysis, it was rejected. The difference between the means was statistically significant at the .01 level. Referring back to the theoretical discussion of the *alpha* level selected for use in this study (see Chapter III), the Type I error was not made. The *alpha* level was stringent enough to prevent the mistake of assuming that a difference existed when actually there was no difference. Since the hypothesis was rejected, the difference can be interpreted as a real one.

Also, when the null hypotheses were postulated that there would be no differences in performances in the various content areas of personal finance, all were rejected except one. In the area of *sharing*, the difference between the pre/post-test means was not great enough to be statistically significant at the .01 level so the hypothesis was accepted. When the significance level is low, there is a greater chance of accepting a false hypothesis. This would mean accepting a condition of no difference when there actually was a difference. The consequences of this decision would be to state that the personal finance course is of no value or of limited value in contributing to the ability of students to understand the area of _sharing_. In this particular instance, the t-value was on the verge of being significant. Thus, by setting a low significance level, it may be assumed that the personal finance course is making a doubtful contribution to the students' knowledge of _sharing_ rather than assumed that it is making no contribution.

Interpretation of Scores from Groups A and B

The second major purpose of this investigation was to compare the knowledge of personal finance possessed by students who took the course with that of a similar group who had not had the course. The null hypothesis of no differences between the means of Groups A and B was rejected. This finding may be interpreted as an indication that those students who completed the personal finance course possessed a significantly greater amount of knowledge of the subject than those students who did not take the course.

The same finding held true for each of the seven content areas into which the study of personal finance was divided. In every case, the differences were statistically significant. The consequence of the rejection of the null hypothesis is to assume that personal finance is making a significant contribution to the ability of students to manage their personal finances.

Relationship of the Appraisal Findings to the Objectives of the Course and to the Textbook Emphases

In the development of this study, it was verified that the textbook used in the personal finance course at the University of Oklahoma is aimed at helping students attain the learnings necessary to become potentially successful managers of their personal finances. It was also verified that the subject matter emphasized in the personal finance textbook is adequately measured by Ogden's Personal Finance Test. To the extent that students at the University of Oklahoma gain significantly in their scores between a pre- and post-test of personal finance, they are apparently achieving the objectives of the course. Also, whenever the students who have taken personal finance are compared with those who have not, the evidence is considerable that the personal finance course provides students with the potential ability to manage their personal finances successfully.

Summary

Two types of data were presented in this chapter. First, the objectives of the personal finance course offered at the University of Oklahoma were isolated. Information collected from College of Business Administration records, a textbook, and personal interviews provided this data. Secondly, data from the testing of null hypotheses were presented.

Although the amount of information available concerning the objectives of personal finance was not abundant, certain goals and objectives for the course were defined. After being subjected to statistical analyses, both of the major hypotheses and all but one of the sub-hypotheses posed in this study were rejected. In all cases but one, the differences between the means were significantly different at the .01 level. These results indicate that in most instances, the personal finance course contributes significantly to the knowledge about personal finance possessed by those students who take the course. The test evidence also indicates that students who do not take personal finance have a considerable lack of knowledge of money management. When Group B was compared with Group A, significant differences in favor of Group A were found.

CHAPTER V

SUMMARY

An increased emphasis today on various aspects of personal finance is being manifested in many ways. Workshops, counseling services, adult education programs, and college- and university-level courses dealing with personal and family finance are being promoted. This research was concerned only with the collegiate level course in personal finance.

This investigation contained elements of both normative and experimental research designs. The normative aspect of the study involved the determination of the present status and objectives of the personal finance course at the University of Oklahoma. It was experimental to the extent that a major part of the data were obtained through the administering of a test to both experimental and control groups.

Restatement of the Problem

The problem of this study was to measure the learnings in a collegiate course in personal finance and to relate the measurement findings to the objectives of the course and to the textbook emphases. The intent of this study was also to compare the knowledge of personal finance possessed by students completing the course with the amount of knowledge possessed by a similar group of students who had not had the course.

The procedure followed in this study consisted of four major steps: (1) an in-depth study of the status and objectives of the personal finance course at the University of Oklahoma, (2) the selection and utilization of an evaluation instrument with which the primary data for this investigation were obtained, (3) the analysis and interpretation of the data used in solving the problem of the study, and (4) the writing of this research report.

This study was conducted at the University of Oklahoma during the spring, 1969, semester, using as subjects two groups: (1) students enrolled in a personal finance course, and (2) students enrolled in education classes who were not enrolled in personal finance. For analysis purposes, samples of 30 students were randomly drawn from each of these groups. The students' ACT scores were utilized in determining whether they were similar in scholastic ability.

The test used in this study was developed specifically for testing achievement in a collegiate level personal finance course. Validity and reliability data were provided by the maker of the test to establish its appropriateness for the purposes intended.

All test data were submitted to statistical analyses. Measures of central tendency and dispersion were used in analyzing the data. The t-test was used to determine the significance of differences between the means of the groups being compared. Null hypotheses were developed and tested statistically.

Findings

The findings of this study emanate from two categories of data. An in-depth study of the status and the objectives of the personal finance course at the University of Oklahoma and of the content areas emphasized in a personal finance textbook provided the first set of findings. The data resulting from the administration of a test provided the second set of findings.

Findings Related to the Objectives and the Content of Personal Finance

Based upon the in-depth study of the status and the objectives of the personal finance course and of the content areas emphasized in a personal finance textbook, the following findings are presented:

1. Personal finance is a three-semester credit course utilizing approximately 45 hours of classroom instruction based on reading assignments that cover the fundamental financial matters that fall into the realm of general education. As a service subject of a department or college of business, personal finance has the primary objective of providing students with the necessary information needed to

become potentially successful managers of their personal finances.

2. From the content of personal finance, as evidenced by the coverage in the textbook and the emphasis given to the various areas of content by the personal finance instructors, there is an indication that students are subjected to substantial amounts of information about planning, buying, borrowing, saving, investing, protecting, and sharing.

Findings Related to the Test Data

Based on an analysis of the test data presented in Chapter IV, the major findings were:

1. Students who study personal finance make statistically significant gains in their total test scores from a pre-test to a post-test of personal finance as is indicated by the increase in means between the two tests from 22.70 to 37.37. This gain was also evidenced by an increase in the median from 23 to 36 and the mode from 19 to 40.

2. When the study of personal finance was divided into seven content areas, statistical analysis showed a significant increase in the means in all areas except one, from pre-test to post-test. The difference was not significant only in the area of sharing.

3. When the mean of Group B was compared with the pre-test mean of Group A, the difference was not statistically significant. However, when the mean of Group B was

compared with the post-test mean of Group A, the difference was highly significant. This finding indicates that the personal finance course is a significant variable that contributes to the increase in differences between the groups from pre-test to post-test.

4. The comparison of Groups A and B in the seven content areas of personal finance indicates that students who had studied personal finance had a greater knowledge of each area than those students who had not studied the course.

Conclusions

Although the findings were categorized into two groups, the following conclusions are generalized from both sets of findings:

1. While it is generally recognized that education relating to business at the college level is at present almost entirely devoted to education classified as either vocational or professional, evidence in this study indicates that certain personal aspects of finance and business can make a substantial contribution to the general education of all college students.

2. Students who participate in a college-level personal finance course acquire considerable practical knowledge about the meaning of money and its uses in modern-day living. They gain the potential ability required to administer their own personal finances better and eventually to reach the goals of financial stability.

3. This investigation corroborates the conclusions of other researchers that students can more significantly increase their basic knowledge and understanding of money management in actual classroom situations than in their normal everyday experiences.

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APPENDIX

PERSONAL FINANCE TEST RAW SCORES

	Group A		Group B
Student	Pre-Test	Post-Test	Single Test
1	21	27	23
2	23	53	32
3	21	35	16
4	19	26	20
5	25	35	31
6	19	28	20
7	16	36	33
8	30	35	17
9	15	51	26
10	17	27	19
11	31	31	29
12	27	39	24
13	34	34	23
14	16	44	16
15	31	31	29
16	20	29	23
17	17	34	19
18	19	37	18
19	19	41	23
20	23	38	21
21	19	40	24
22	23	53	24
23	25	34	22
24	31	35	25
25	25	32	24
26	27	40	28
27	24	40	17
28	26	31	24
29	25	40	11
30	17	56	17
Mean	22.70	37.37	22.37
Range	15 - 34	26 - 56	11 - 33

COMPOSITE ACT RAW SCORES
GROUPS A AND B

Student	Group A	Group B
1	18	16
2	22	18
3	23	28
4	23	23
5	24	21
6	17	18
7	19	19
8	20	20
9	27	16
10	26	20
11	23	23
12	18	24
13	26	24
14	30	16
15	28	21
16	18	18
17	15	26
18	26	12
19	18	21
20	28	20
21	30	21
22	22	21
23	23	21
24	23	28
25	21	25
26	28	22
27	26	24
28	26	24
29	24	24
30	24	20
Mean	21.13	23.20
Range	15 - 30	12 - 28

ACHIEVEMENT TEST IN PERSONAL FINANCE FOR COLLEGE STUDENTS

Directions: Please select the BEST answer from the four choices provided in each test item. Place this choice on the IBM answer sheet provided for this purpose.

1. When money is borrowed at a commercial bank, often the promissory note given as security will be discounted by the bank. Discounting a note implies that

   A. depositors with a good credit rating may borrow money from the bank at a lower rate than the customary 6%.
   *B. the bank takes the interest out in advance, and gives the customer the balance of the note, after this interest is subtracted from the face.
   C. the bank will charge less--give the customer a discount--if the note is paid in full prior to the maturity date of the note.
   D. notes for one year or more receive a discount rate because of the longer time involved.

2. When buying life insurance, a person under 60 years of age should probably consider the fact that he may be unable to pay a premium because of a permanent disability. Which of the following provide for an automatic payment of premium under this circumstance?

   A. Family maintenance insurance
   B. Automatic premium loan clause
   C. Waiver of premium clause
   D. Life income option

3. The person designated in a "will" to carry out the specific and general provisions of the will is referred to as

   A. the guardian of the estate.
   B. the executor of the estate.
   C. the administrator of the estate
   D. the trustee of the estate

4. Which insurance policy will cover injury to a neighbor's child, even though the child was playing on your property while you were not at home?

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*Correct response.

Personal Finance

A. Personal property floater
B. Personal liability policy
C. General medical insurance
D. Transient liability policy

5. Professor John Jacobs, age 40, and the father of three under-21 aged children wishes to buy an "annuity contract" to supplement his other retirement benefits and to provide a specified income for Mrs. Jacobs in the event of his death. Jacobs' sole income is from his teaching at a university. Select the plan best suited to meet his needs.

A. Life annuity with installments certain
B. Fixed, straight life annuity
C. Fixed, joint and survivorship annuity
D. Variable annuity, joint survivorship provisions

6. Probably the greatest problem to a 40-year old individual, planning for retirement at age 65, is

A. the knowledge that his children will not or cannot take care of him at retirement.
B. the knowledge that most fixed investment plans (pensions, social security, etc.) dwindle with inflation.
C. the knowledge that social security, accompanied by company pension plans, is insufficient.
D. the knowledge that the lifespan increases with each generation.

7. Which of the following services is not offered by savings banks?

A. Insuring of depositors' accounts
B. Offering of demand deposit service
C. Renting of safe-deposit boxes
D. Cashing of personal bank checks

8. In some situations another business or individual will not accept a personal check as payment for an amount due and payable. A negotiable instrument, verified as valid by the bank and drawn against a depositor's own checking account is called a

A. registered check.
B. cashier's check.
C. certified check.
D. bank money order.

Personal Finance

9. If a person's budgetary allotment for automobile insurance were limited, he would be wise to spend the greatest amount of his money on

   A. bodily injury coverage.
   B. comprehensive coverage.
   C. property damage coverage.
   D. uninsured motorist coverage.

10. For a young married man, which of the following types of life insurance would provide the greatest amount of protection for the lowest premium?

   A. Limited payment life policy
   B. Term insurance policy
   C. Ordinary life policy
   D. Endowment policy

11. If a person wishes to leave property (or funds) to relatives or friends before or after his death, the way to pay the least amount of taxes is to

   A. pass the property (or funds) as an inheritance by means of a will.
   B. pass the property (or funds) as gifts while living.
   C. pass the property (or funds) to specified heirs as a part of an individual's estates.
   D. pass the property (or funds) to specified heirs as gifts after the death of the individual.

12. If a person endorses a check using the words--"Without Recourse"--followed by his name, he knows that

   A. the bank has no recourse but to cash the check, providing funds are available to honor it.
   B. the holder of the check endorsed in this way must present it directly to the bank without further endorsements.
   C. the endorser of the check will refuse to pay for the check if it is found to be invalid.
   D. the endorser is directing the next holder to cash the check as quickly as possible without further recourse.

13. In figuring exemptions on his income tax for the current year, William Johnson called the local district office of internal revenue to find which exemptions were allowable. Which one did the internal revenue agent approve as an exemption?

Personal Finance

A. His 18 year-old sister who attends college in a distant city and who receives one-third of her support from him.
B. His 19 year-old son, Bob, who works full time and who pays for his meals and room in Mr. Johnson's home.
C. His wife, who also works as a secretary for a local business but files a separate income tax return on which she claims herself as an exemption.
D. His 22 year-old son, William, Jr., who lives at home but attends the local college, and who earns $2,000 a year, which he saves for medical school.

14. Several financial institutions are available to the prospective homeowner for obtaining a mortgage loan. Which of the following is a legitimate lending institution?

A. Federal government through FHA
B. Savings and Loan Association
C. Veterans Administration
D. State government through FHA

15. Although budgeting patterns will and must vary for each family, general percentage guides prove beneficial for comparison purposes. Which of the following allocated percentages would prove to deviate from the national average the most?

A. Food -- 25-35%
B. Medical and Personal Care -- 20-25%
C. Home Operation and Improvement -- 20-25%
D. Recreation and Recreational Equipment -- 5-10%

16. In obtaining a loan from any lending agency, which of the following factors should be considered first prior to the other considerations?

A. Rate of interest quoted
B. Dollar cost of the loan
C. Type of security demanded
D. Repayment period required

17. Under the Social Security Act, the federal government directly operates and administers which one of the following programs?

A. Unemployment Insurance Program
B. Maternal and Child Health Services
C. Old-Age Assistance Program
D. Old-Age Survivors and Disability Insurance Program

Personal Finance

18. According to consumer statistics, you will borrow money at least once from one of the sources listed below. As an intelligent consumer, you should be aware of the rates charged by these lending sources. Which source and true annual interest rate listed below do not match properly?

    A. Commercial bank, personal loan department: 8-24%
    B. Consumer finance companies: 24-60%
    C. Pawnbrokers: 24-120%
    D. Loan sharks: 50-104%

19. When interest rates rise, bond prices will normally

    A. rise
    B. stay about the same
    C. fall
    D. not be affected appreciably

20. What per cent of the price now paid for commodities could be saved if consumer credit were eliminated?

    A. 0-5%
    B. 5-10%
    C. 15-20%
    D. 20-25%

21. Group life insurance is now offered to many employees of businesses, both large and small, with companies paying various percentages of the annual premium. If an employee were paying 50% of a group policy, which of the following would be the most plausible action to consider before buying a group life insurance plan?

    A. To see if a regular insurance policy could be purchased at the same cost.
    B. To check if the policy is convertible to a permanent type insurance.
    C. To check if the policy is transferrable from one company to a different company.
    D. To see if the premium increases with the age of the policyholder.

22. A mutual organization composed of persons having a common bond of occupation or association, and operated on the local level by and for its members, with its earnings coming from fellow members who borrow for relatively short periods of time from the savings of other members, is called a

<u>Personal Finance</u>

A. savings and loan association.
<u>B</u>. credit union.
C. mutual investment company.
D. cooperative.

23. If an individual is saving to provide for an emergency fund, which of the following criteria should be considered first in selecting a place to invest savings?

A. Safety
<u>B</u>. Liquidity
C. Return
D. Purchasing power protection

24. Assume the purchase of 100 shares (stated value, $10) of Triple X Corporation stock from a stock broker. Assuming quarterly dividends of 1 per cent, approximately how long would it take to pay the broker's commission, using the stock dividends?

<u>A</u>. 6 months
B. 1 year
C. 1½ years
D. 2 years

25. The basic purpose of an annuity contract is to provide

<u>A</u>. income to the prospective annuitant at a specified time.
B. income to the immediate family (wife and children) of the annuitant at a specified time.
C. income to the wife immediately upon the death of the annuitant, either lump-sum or installment option.
D. a supplemental income to the family if the annuitant becomes disabled or accidentally dies.

26. If an individual were able to buy a participating preferred corporate stock, he would probably buy it because

A. he would have a right to vote in the management of the corporation.
<u>B</u>. he might receive dividends about the regular stated dividend rate.
C. he might receive a portion of the assets upon liquidation.
D. he would have first claim on dividends paid to stockholders.

Personal Finance

27. One advantage of home ownership (non-rental property) is the amount that may be deducted on the homeowner's income tax. Which of the following would be questioned as an allowable deduction?

    A. Interest paid on mortgage
    B. Local school taxes
    C. Uninsured loss or damage to the home
    D. Depreciation on the home

28. Regardless of their income bracket, if you were to ask people why they are saving money, approximately two out of every five would tell you that they are saving for

    A. "a rainy-day fund."
    B. "the income from their savings."
    C. "some specific goal."
    D. "no particular reason."

29. Which of the following statements would offer the strongest argument for renting?

    A. It is less expensive to rent in the short run than it is to buy.
    B. Rentals are more fixed than mortgage payments.
    C. Renters are not affected by changes in property taxes.
    D. The prestige associated with home ownership no longer exists; therefore, "renting what you want" is more desirable.

30. The federal income tax law is based upon the ability to pay. This type of tax is called a

    A. fair tax.
    B. proportional tax.
    C. sliding tax.
    D. progressive tax.

31. The best way to change a "will" that has previously been made is to

    A. prepare and attach a codicil.
    B. destroy the old will and make a new one.
    C. prepare and attach a letter of instructions to the old will.
    D. destroy the old will and prepare an intestate will.

Personal Finance

32. Occasionally a person will see an advertisement in a newspaper that reads something like this:

    "Own this beautiful lady's watch for only 10% down and $9 per month with a small carrying charge of only $1 per month."

    Assuming that the list price before down payment was $100, we know that the jeweler is charging a true annual interest rate of approximately

    A. 12%
    B. 18%
    C. 24%
    D. 30%

33. Cost of loans varies according to the type of financial source from which funds are borrowed. Probably the least expensive place from which to borrow money is

    A. a credit union.
    B. a commercial bank.
    C. a mutual savings bank.
    D. an insurance policy with cash value.

34. The chief disadvantage of buying high-grade bonds as a part of an investment program is

    A. the fixed and limited return during depression periods.
    B. the lack of any claim against the assets of the corporation.
    C. the inability of a corporation to pay interest on bonds during depressive economic periods.
    D. the questionable safety in comparison to common and preferred stocks.

35. Which of the following methods of transferring funds is most expensive?

    A. Telegraphic money order
    B. Postal money order
    C. An American Express money order
    D. A bank money order

36. Assuming that during the past year Mike Young had carried the four insurance coverages listed below, which type of insurance might he consider eliminating on his six-year-old Ford when he renews his insurance?

A. Bodily injury coverage
B. Property damage coverage
C. Collision coverage
D. Medical payment coverage

37. When purchasing merchandise on an installment basis, the true annual rate of interest at 6% would be correctly stated under which of the following circumstances?

A. When the 6% is applied to the unpaid balance after each payment has been made
B. When the buyer does not make any payments on the contract until the end of the credit period
C. When the 6% is applied to the original purchase price quoted under the installment contract for the full term of the loan
D. When the 6% rate is applied to the original purchase price quoted, plus any service charge for approving the installment contract

38. Mr. and Mrs. William Baldwin believe they have budgeted intelligently and have saved enough to cover hospital-surgical expenditures under $300. They would like to cover those expenditures above this amount. The least expensive plan that will give them adequate protection under their circumstances would be a

A. Blue Cross policy.
B. Blue Shield policy.
C. Major medical policy.
D. Comprehensive medical policy.

39. The avoidance of estate and inheritance taxes may be accomplished by the establishment of a living trust. Which of the following statements is characteristic of a living trust?

A. Amounts given to living trusts in one year are limited to a maximum of $20,000.
B. The living trust is constructed in anticipation of the death of the individual.
C. Relatives of the individual cannot be recipients of the earnings or principal of the trust.
D. The individual has no claim upon the trust once he has established it.

Personal Finance

40. As the income of a family increases, the proportional percentage of income spent for

    A. food increases.
    B. insurance decreases.
    C. housing decreases.
    D. savings increases.

41. If an investor is seeking a long-run return on a savings account, the dollar interest return probably would be the largest in a

    A. mutual savings bank.
    B. commercial bank time deposit.
    C. savings and loan association.
    D. Federal Reserve bank.

42. In deciding whether to buy "hospital-surgical" insurance or "loss of income" insurance, Professor Allan Craven decides to buy a "loss of income" policy. Which of the following would probably be the best buy for a salaried person such as Professor Craven?

    A. Immediate payments at the beginning of illness or disability
    B. Ten-day waiting period, full salary compensation
    C. Thirty-day waiting period, 75% regular salary compensation
    D. Immediate payments 75% regular salary compensation if immediately hospitalized

43. Which of the following family expenditures is deductible when filing income taxes?

    A. Funeral expenses
    B. Dues for social clubs
    C. Automobile insurance premiums
    D. Employment agency fees

44. Which one of the following is eligible for coverage under the Old Age, Survivors, and Disability Insurance program of the Social Security Act?

    A. Member of the armed forces
    B. Casual worker
    C. Railroad worker
    D. Doctor of medicine

Personal Finance

45. Money is borrowed from consumer finance companies for various reasons. Among those listed below, which ranks as the most popular reason for borrowing funds?

A. Home furnishings and appliances
B. Travel and vacation expenses
C. Consolidation of overdue bills
D. Medical, dental, and hospital bills

46. If an individual is venturing into an investment program, seeking the safest type of investment with a return of four to six per cent with an opportunity for capital gains, he probably would be wise to invest in

A. a single proprietorship.
B. a partnership.
C. cumulative preferred stock.
D. corporate bonds.

47. When purchasing merchandise on an installment basis, an individual consumer may sign a contract in which there is an acceleration clause. This clause gives

A. the seller the right to collect the unpaid balance of an account immediately upon nonpayment of one installment.
B. the buyer the right to speed up his payments, paying off the debt prior to the final due date.
C. the seller the right to increase the carrying charge for the default on one payment.
D. the buyer the right to start with small payments and to make large payments toward the end of the paying period.

48. Four students, in reviewing for their final examination in Family Finance, disagreed on the definition of a "variable annuity." Which of the students best defined this type of annuity program?

A. Al believed that the holder of an annuity upon reaching retirement age, could designate the number of years for which he wished to receive payments from the annuity.
B. Dave argued that the income from the variable annuity might vary from month to month, with the holder of the annuity receiving more or less income depending upon the cost of living index.

Personal Finance

C. Betty Lou felt that a variable annuity referred to the settlement option of the annuity, which permits the holder to designate any or all beneficiaries who will receive any remaining balance of the annuity upon his death.

D. Hugh believed "variable" referred to a provision in the annuity contract which permitted the holder of the contract to change the amount of payments after he had retired.

49. "Financial Responsibility" laws, in reference to automobile insurance, usually mean that you must

A. carry automobile insurance prior to obtaining your license plates.

B. post a bond to indicate that you are "financially responsible" prior to obtaining your license plates.

C. show that you are "financially responsible" by posting a bond after your first major accident.

D. submit a financial statement to the State Department of Motor Vehicles, prior to obtaining your car registration.

50. When buying a home, the prospective home owner is encouraged to buy "title insurance." This insurance states that

A. the mortgage, deed, abstract of title, and the note are acceptable by legal standards.

B. all pertinent records have been examined by an attorney, and, to the best of his knowledge, the buyer is receiving a valid title.

C. the homeowner will be defended against claims brought by unknown parties contesting his legal ownership.

D. a thorough investigation of previous home ownership has been made, and guaranteed.

51. Disability payments under the Old Age and Survivors Insurance program of the Social Security Act are correctly allotted in which of the following situations?

A. You receive payments because you were previously an accountant and you lose your eyesight, thus disabling you from further activity as an accountant.

B. Although you have been a disabled worker, your benefits are immediately discontinued upon your return to work.

Personal Finance

C. You receive payments although you are only partially disabled by an accident, since you cannot find a position because of your disability.
D. Although you were totally disabled in an unfortunate accident, you must wait six months prior to receiving any disability benefits.

52. James Night wishes to file his income tax form as the "head of a household." Under which of the following circumstances can he qualify?

A. If his wife does not have a salary, and his mother furnishes less than half toward the cost of maintaining the home.
B. If his wife furnishes less than half of her support toward the maintenance of the home and their two children--ages 4 and 6.
C. If he is divorced from his wife but maintains a home for his two children--ages 4 and 6--and his mother, who pays $600 each year into the budget.
D. If he is single but maintains a home for his mother who contributes slightly over half of their mutual budget each year.

53. Just prior to April 15, Bill Acorn is frantically preparing his income tax form. When he gets to reportable income, he finds he should report only one of the following incomes. On which of the following must Mr. Acorn pay income taxes?

A. A cash gift from Uncle Charlie for $5,000.
B. Interest earned on income savings bonds during the year for $10.25.
C. Interest on municipal bonds for $200.
D. Dividend from General Motors' stock for $45.

54. If a safe and relatively high guaranteed return on an original investment is desired, the best selection of a prospective investor would be

A. senior mortgage bonds.
B. junior mortgage bonds.
C. convertible bonds.
D. debenture bonds.

Personal Finance

55. For a family of four with an income of $6500, which of the following annual budgetary allotments should be investigated?

    A. Food: $1625
    B. Housing: $1300
    C. Clothing: $650
    D. Transportation: $650

56. The Old Age Survivors Insurance Program, under the Social Security Act, provides which of the following benefits for survivors of a fully insured worker?

    A. The burial expenses of the deceased will be paid up to $2,000 maximum.
    B. A monthly income will be paid to the widow for each child, regardless of the age of the child.
    C. A monthly income will be paid to the childless widow until age 65, at which time she can draw old-age insurance.
    D. A monthly income will be paid to a widow after she reaches 62 years of age.

57. You purchase a small floral shop for $20,000, carrying $16,000 worth of fire insurance, with an 80% coinsurance clause. Which of the following amounts would be received from the insurance company if the shop were 90% destroyed by fire?

    A. $12,800
    B. $14,400
    C. $16,000
    D. $18,000

58. George Smith wishes to buy a refrigerator at a list price of $400, 5% cash discount. Which of the following situations would be most economically feasible for George?

    A. Obtain a bank loan at 6% for six months.
    B. Buy the refrigerator at list price on open account for one month, with carrying charges of 1½% per month for the next five months.
    C. Deposit $50 for a down payment, and assume the balance at 1% per month on the unpaid balance for six months.
    D. Discount a note at the bank at 6% for six months.

Personal Finance

59. The total cost (gas, oil, insurance, etc.) of operating an automobile, other things being equal, would be greater

    A. in a rural area
    B. in a small urban center
    C. in a large metropolitan area
    D. about the same in any of the above areas

60. A type of term life insurance with a gradual decrease in both the premiums and the amount of coverage set for a specified period of time, paid only upon the death of the insured individual, is called a

    A. mortgage policy.
    B. family income policy.
    C. family maintenance policy.
    D. modified life policy.