FINANCIAL MANAGEMENT PRACTICES

OF

MARRIED SINGLE EARNER AND DUAL EARNER FAMILIES IN DELAWARE

by

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(ABSTRACT)

The major purpose of this study was to investigate how single earner and dual earner families in Delaware manage their family finances and what factors influence satisfaction with their financial management. This study was also designed to assess the impact of perceptions of income adequacy on satisfaction with financial management practices.

The subsamples of married single earner and dual earner families were obtained from the larger study on Interactive Planning for Family Futures. This project was partially funded by the U.S. Department of Health and Human Services Administration on Aging and the University of Delaware.

The survey was conducted in 1988 by telephone interview in the state of Delaware. Subsamples of 121 dual earner families and 69 single earner families were drawn from a random statewide sample of 306 families in Delaware. The subsamples were limited to married couples where one or both spouses were gainfully employed either full-time or part-time. Analysis of data included use of frequencies, t-tests, chi square, two-way and three-way analyses of variance.

Demographically the subsamples were predominantly white, and 70% of the respondents were female. Dual earner families had more education, higher occupational status and higher average incomes than single earner families. The average income range for the study was $30,000-39,999 for single earner families and $40,000-49,999 for dual earner families.

Results of the study indicated that dual earner families were more interested in planning for the future than single earner families, and respondents in dual earner families were especially interested in retirement planning. Goal setting was a common practice among both single and dual earner families. A similar proportion (16%) of one and two earner families were concerned about how they would handle a $1,000 crisis. Differences were found in credit use and savings and investment practices of one and two earner families. Dual earner families are more likely to share money management decisions than single earner families.

A satisfaction index was created by summing satisfaction scores for standard of living, amount of savings, amount of investments, ability to pay debt and achievement of goals. Respondents were more satisfied with their standard of living and less satisfied with their savings and investments.

Sociodemographic variables significantly related to satisfaction with financial management included age, spouse's education, respondent's occupation, and family income. Perceptions of income adequacy were significantly related to satisfaction with financial management for married single earner and dual earner families. Financial management practices significantly related to satisfaction with financial management were amount of debt, amount of savings and investments, money management activities and satisfaction with the decision making process. While it may appear from the data that dual earner families were less satisfied with their financial management, they were more interested and involved in their family's financial well-being.

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

Chapter 1

INTRODUCTION

The focus of this research was on similarities and differences in financial management practices of single earner and dual earner families and factors influencing satisfaction with their financial management. The majority of married couples are dual earner, in fact dual earner families outnumber single earner families two to one (Deacon & Firebaugh, 1988).

Since 1970 the actual or real purchasing power of families has not increased. Families have not enjoyed the improvements in real income that occurred in the 1950's and 1960's, when incomes rose relatively faster than prices. The Consumer Price Index has remained relatively stable since 1985, so incomes have not been eroded in the recent past to the extent that they had been somewhat earlier (Deacon & Firebaugh, 1988).

Although incomes have changed over the past three decades, the share of the aggregated income received by families does not reflect a more equitable distribution. The share of total income received by lower income families has declined while that of higher income families has increased. (Deacon & Firebaugh, 1988).

A well known trend in our society has been the increasing labor force participation of women. Dual earner families emerged in the late 1950's and

1960's and outnumbered single earner families two to one in the 1970's (Zinn & Eitzen, 1987). Two incomes also have additional costs such as day care and job related expenses, and benefits such as additional income and pensions. Due to a different mix of resources and demands, it is to be expected that management practices would differ in single earner versus dual earner families. Identification of the similarities and differences in financial management practices will provide useful information for professionals who work with families as families make choices regarding family resource use.

Dual earner is defined as two married individuals each of whom contribute income to the household through gainful employment on a full-time or part-time basis. Since the focus of the study is on financial management practices, it was decided to use dual earner rather than dual worker (not necessarily for pay) or dual career which would limit the focus to professionals only.

Importance of Financial Planning

Lifetime income patterns show a rapid increase in income during the first 10-15 years of employment and then a leveling off. While income peaks midlife, so do expenses. Many families find it difficult to keep up with inflation and therefore experience a decrease in real income. Despite the trend of more two earner families, consumer debt and consumer bankruptcy have both more than doubled since the late 1970's. It was predicted that there will be one million bankruptcies per year by the year 2000 (Sullivan, Warren & Westbrook, 1989). According to the Wall Street Journal (1991), this number has already been achieved. White collar workers used to reach their income peak when they were in their 50's; however, the "baby boom generation" is reaching their peak at a younger age since companies do not want to carry them until retirement and are replacing them with younger people earning less (Quinn, 1991).

Due to longer life spans and more limited public funds it has become increasingly important for individuals and families to understand their lifetime income patterns and plan for lifelong financial needs. It is especially important for women to plan for their financial futures since they live longer and often earn less than men.

Although consumer net worth has increased significantly during the past several years, the rate of saving has slowed and credit use has increased due to the aggressive marketing of credit and its ready availability. Consumers are dissatisfied with their ability to save and invest. Explanations for these trends are problems in defining and measuring household saving and borrowing and the shifting population mix toward more households at the borrowing (family formation) stage of the life cycle and fewer at the saving (pre-retirement) stage (Hefferan, 1981). However, as we move into the 1990's, members of the baby boom generation have the potential to increase their savings. The trends clearly suggest that many families are adopting new planning and management strategies (Hefferan, 1986).

Fluctuating interest rates, the 1987 stock market crash, tax reform and the deregulation of financial institutions have created an environment in which family financial management has assumed great significance (Hefferan, 1986). Beneath the current recession fears and general belt tightening, there is a more fundamental development in the economy: the gap between the rich and the poor Americans that is likely to keep growing. Union influence continues to decline along with the manufacturing economy. The educational requirements needed for better-paying jobs keep getting higher. Divorces continue to break families up into smaller, less affluent households. By the year 2000, these barriers to upward mobility will bring the number of households with annual incomes (in 1984 dollars) of $15,000 or less to about 36% of the total in the U.S., versus 31.2% (in 1984 dollars) in 1970. This translates into almost 40 million families (Bremner, 1990).

Modification of financial behaviors by families and adaptations of new practices are evident in the acceptance of new financial services and changes in the mix of savings and investments options, such as the popularity of money market funds, favored by consumers. Yet little is known about the family decision making processes underlying these changes (Rosen & Granbois, 1983).

Few studies of specific money management techniques or different financial management styles and roles exist. Even in the plethora of new personal finance texts which appear annually, information about specific decision making, record keeping and ownership practices has received limited attention (Greninger, Hampton & Kitt, 1982).

Few comprehensive research studies address which strategies are most effective in helping families attain their financial goals. As Godwin and Carroll (1985, p. 225) note, "Little research has investigated the frequency and types of family financial behavior in which families engage, factors influencing their behavior or the level of satisfaction resulting." Information on how families in various circumstances perceive their adequacy of resources could be helpful not only to educators, but also to families in analyzing the reality of their goals in relation to their resources (Rowland, Nickols & Dodder, 1986).

Purpose

The major purpose of this study was to investigate how married single earner and dual earner couples in Delaware manage their family finances and what factors influence satisfaction with their financial management. This study was also designed to assess the impact of perception of income adequacy on satisfaction with financial management practices. Satisfaction is influenced by the family's ability to provide resources and opportunities for family members. Satisfaction with financial management influences and is influenced by satisfaction with overall family resource management.

Another purpose of this study was to expand the body of knowledge related to family financial management. Families live in an environment where money analysts suggest that they face family financial vulnerability. They are adopting new planning and management strategies. It was the intent of this study to assess and compare financial management practices among single earner and dual earner families to expand the body of knowledge related to family financial management.

Statement of the Problem

The focus of this study was on financial management practices of married single and dual earner couples. Sub-samples of married single earner and dual earner families were drawn from a random statewide sample of Delaware.

The problem addressed in this research was to investigate how one and two earner families manage their economic resources and to determine what factors affect satisfaction with their financial management strategies.

Questions addressed included:

- How satisfied are single earner and dual earner families with their financial management?
- Do they set financial goals?
- Do they have a financial plan? If so, what format does it take? What time period does it cover? How often is it reviewed?
- How much time do they spend on financial management?
- Who has major responsibility for money management decisions and money management activities?
- How much credit do they use?
- How much of their income do they save and invest?
- What are their perceptions of income adequacy?

To answer these questions the following objectives were proposed:

- To determine the financial management practices of single earner and dual earner families including goal setting, budgeting, decision making, amount of time spent on money management activities, amount of debt, amount of savings and investments.
- To determine satisfaction with standard of living, amount of savings, amount of investments, ability to pay off debt, the decision making process in their household and goal achievement among single earner and dual earner families.
- To determine differences in satisfaction with financial management between single earner and dual earner families due to differences in: planning, implementing, amount of debt, savings and investments, decision making, and amount of time spent on money management.

- To determine differences in satisfaction with financial management between single earner and dual earner families due to differences in: age, number of years married, number of children, education of interviewee and spouse, occupation of interviewee and spouse, and family income.

- To determine perception of income adequacy as well as perception of ability to manage an unexpected crisis in single earner and dual earner families.

Chapter 2

REVIEW OF LITERATURE

This chapter has three parts. First it addresses differences between married single and dual earner families, second it presents a conceptual framework for this study on financial management practices of married single and dual earner families, and finally it summarizes the results of studies on family financial management relevant to this study.

Single Earner versus Dual Earner Families

A review of the literature reveals that a majority (67%) of couples are dual earners. Dual earner family members generally have more education than single earner family members. Dual earner average family income is higher than for traditional families, but average earnings of husbands in single earner families are greater than those in dual earner families. Single earner families are somewhat larger than dual earner families and more frequently include grown children or elderly relatives (Deacon & Firebaugh, 1988).

Aldous (1981) warned against overemphasizing the newness of the dual earner phenomenon. She noted that early U.S. Census data may have underestimated the financial contributions made by working class and non-white women, as well as by women on farms, because they tended to do their work at home. The economic contributions of working class women have also been overlooked because of the emphasis on dual career families in the scholarly literature. Moreover, even though two-thirds of families are now dual earners, only about one-half of the wives are employed full time (Hayghe, 1982).

Hayghe points out that by 1980 two earner families constituted over half (52%) of all married couples. Families in which husbands alone brought home a paycheck and wives were presumed to be full time homemakers had shrunk to less than a third (31%). Twelve years earlier, 45% of married couples, still a high proportion, were two earner families, with an equal proportion having the husband-only breadwinner structure. The remaining couples were without earners, or the husband was not an earner. Thus, the big change in recent decades is in the proportion of single earner economic arrangement families, not in the proportion of dual earner families.

In 1987 both husband and wife had earnings in over two-thirds (67%) of the 43.5 million married couple families with at least one spouse employed. The mean earnings of all dual earner couples was $41,690; in families where both spouses worked full-time year round mean earnings were $49,025. These data were obtained in the March, 1988 Current Population Survey, conducted by the Bureau of the Census (Current Population Reports, 1989, No. 165).

Women have always worked. What is a modern phenomenon is the emergence of a predominant family form in which both husbands and wives work outside the home, especially when there are young children present in the family. In 1988, 51% of women age 18 to 44 years with a child less than 1 year old were in the labor force, up from 31% in 1976 (Current Population Reports, 1989, No. 163). For males and females alike, adulthood has come to mean being economically active, as well as being mates and parents (Piotrkowski, Rapoport & Rapoport, 1987).

Women contribute substantially to family income. Women who worked full-time earned 40% of their families income, and those who worked part-time earned 29%. Income for families with two full-time earners was 23% higher than for one-earner families; for two earner families when the wife worked part time, income was only 7% higher (Jacobs, Shipp & Brown, 1989).

The broadening of acceptable career choices for women has increased the number of options for balancing work and family. However, as women take jobs that require a high degree of technical skill, continuous employment is required to stay in the job market. The employment timing patterns for wives affect their earnings, with employment continuity as the most financially rewarding pattern (Deacon & Firebaugh, 1988).

As women's career aspirations increase, there is some shifting of roles and responsibilities within the family. The more the wife's earnings, the more her power and the more help she receives from other family members (Deacon &

Firebaugh, 1988). Also, when both spouses work outside the home, financial resources to meet family needs are generally greater. Few two income families live below the poverty line, and husbands in dual earner families work fewer hours overtime and are less likely to hold a second job than in families in which the male is sole provider (Garland, 1984).

Although the presence of so many married women in the labor force is relatively new, black women have traditionally had a much higher rate of labor force participation, but lower average earnings than other women (Zinn & Eitzen, 1987). Dual earner families comprise a higher percentage of black than white or Hispanic families (Deacon & Firebaugh, 1988).

Conceptual Framework

From the early 1970's on, the family has increasingly been viewed in family resource management literature as an ecosystem with family members interacting with each other and with a complex set of environments surrounding them. The use of systems theory has been widespread in the holistic approach which emphasizes family management in relation to the family's total environments. Systems theory gives insight into the interrelationship between input, throughput or managerial actions, and output, with feedback among these preventing a static situation (Berger, 1984).

The Deacon and Firebaugh managerial framework has two major components, the personal subsystem and the managerial subsystem. Through the personal subsystem, interpersonal relations are evolved and responsibilities for personal maintenance and for personal development are carried out. In the management subsystem, family resources are used to meet the goals of the total system (Deacon & Firebaugh, 1981).

Family financial management involves goal setting, assessing available resources, establishing a plan, evaluating alternatives, implementation and follow up (Figure 1). The output or satisfaction with financial management is based upon planning and implementing the use of resources to achieve desired goals. The planning and implementing functions of management translate individual aspirations and resources into spending and saving patterns. Satisfactions of husbands and wives with their financial management accompany the more tangible effects of levels of living and goal achievement (Deacon & Firebaugh, 1988).

The current study focused on the managerial subsystem as it related to family financial management. The managerial subsystem consists of inputs, throughputs and outputs. The family managerial subsystem is affected by *inputs* or factors that influence the behavior of families. For purposes of this study perception of income adequacy and the following socioeconomic variables are

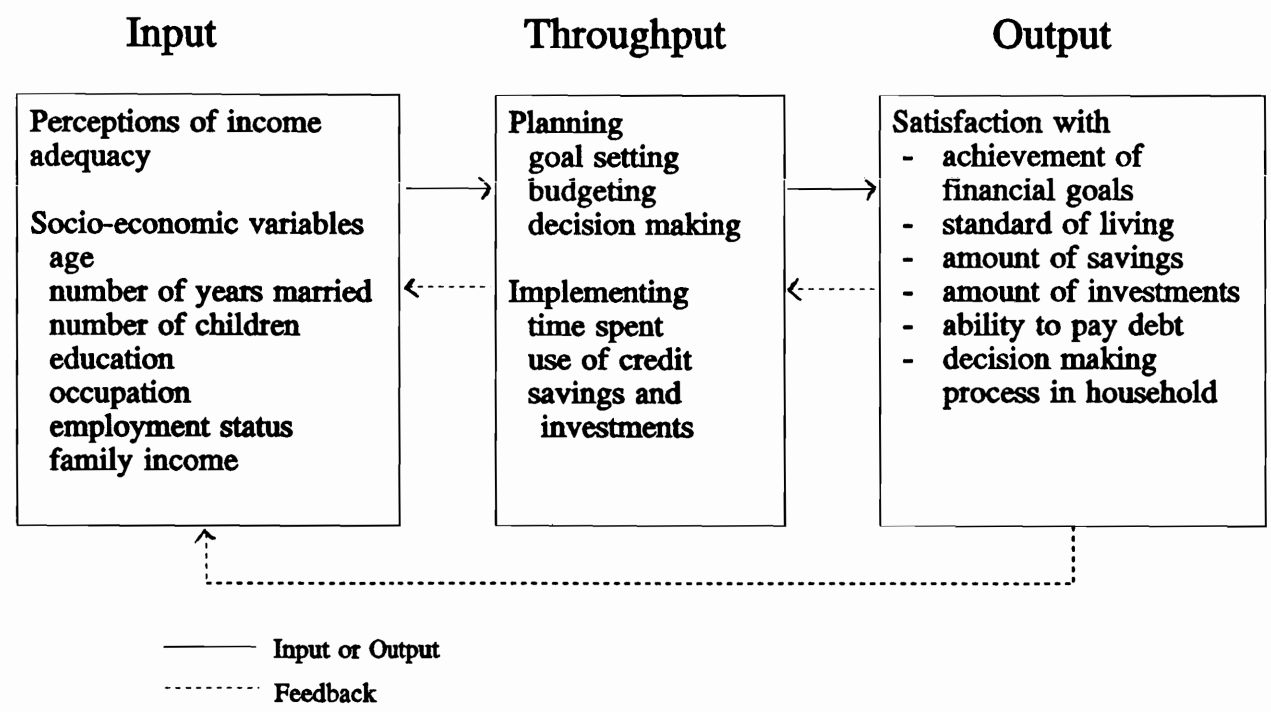

Figure 1 Conceptual Framework for Family Financial Management

considered inputs to the system (age, number of years married, number of children, education of respondent and spouse, occupation of respondent and spouse, employment status of respondent and spouse and family income). Perceptions of income adequacy and family characteristics create demands upon the available family resources.

Throughputs include the planning and implementing of financial behavior. More specifically planning involves goal setting, budgeting through written and unwritten plans and decision making. Implementation involves amount of time spent carrying out the plans, including use of credit and savings and investment activities. Outputs which are conceptualized as met demands and used resources have been measured in terms of satisfaction with the following aspects of financial management: achievement of financial goals, standard of living, amount of savings, amount of investments, and ability to pay off debt, and the decision making process in the household.

Once a family reaches a level of living sufficient to meet its basic needs, the subjective perception of adequacy becomes relatively more important than objective measures in determining happiness, cohesion, and stability (Oppenheimer, 1982, Scanzoni, 1970). Most research documents that higher levels of income with the exception of the highest levels, are associated with greater marital happiness, adjustment, and satisfaction and lower rates of marital disruption and divorce. The amount of family income determines the family's level of living and its ability to provide needed resources and opportunities to its members (Voydanoff, 1987).

Similar feelings of satisfaction or economic well-being are thought by some observers to accompany fulfilled aspirations regardless of the level of available resources; others believe that met aspirations are not as fulfilling at lower economic levels as they are at higher economic levels. Many observers agree that the gap between economic goals and accomplishments affects perceptions of economic well-being and provides motivation for closing the gap (Deacon and Firebaugh, 1988).

Related Studies on Family Financial Management

A number of research studies have indicated that perceived income adequacy is a more powerful indicator of family economic well-being than income. Income adequacy is a subjective measure of the extent to which the individual thinks the family income is sufficient for one's standard of living. Families that believe their income is adequate manage their resources better than families that believe their income is inadequate. The family with perceived income adequacy may have less money than the family that believes its income is inadequate (Bauer & Hogan, 1987).

Godwin and Carroll (1987) in a study of financial management attitudes and behavior of husbands and wives found that despite the relatively high levels of income reported by 73 couples, a majority of both husbands and wives perceived that their incomes were only moderately adequate, i.e., they could afford only some things they wanted and needed. In general, wives reported lower levels of income adequacy than did husbands. Family characteristics that were the best predictors of positive financial management attitudes and effective behavior included: number of years married, completion of a course in consumer education by a spouse and occupational status of wives.

Snittgrund and Baker (1986) in a study with 199 respondents including 69 whites, 70 African-Americans and 60 Mexican-American families defined effective financial management as the type of budget used by the family, frequency of saving, and frequency of financial problems in the family. Based on previous research, it was hypothesized that economic variables would contribute the most explanatory power, followed by demographic variables and lastly by satisfaction and attitude variables. They found that perceived income adequacy and spousal employment contributed the most explanatory power for measuring effective financial management.

A number of studies have focused on satisfaction with financial management. Tahira Hira's (1987) study of 198 households ascertained which socioeconomic variables and money management practices influence satisfaction with various aspects of their financial situation. She found that a majority of the money managers were satisfied with most aspects of their household's financial management. Two areas with which very few managers were satisfied included their ability to save and their ability to meet emergency expenses.

Hira found only one demographic variable, household size, significantly related to satisfaction. This relationship is negative, such that the larger the household size the lower the satisfaction. Three economic variables were significantly related to money managers' satisfaction. Total savings and percentage of income saved were significant. Those who have larger sums in savings accounts, and saved larger percentages of their income are more satisfied. The monthly debt payments were also significantly related to satisfaction. Those with larger monthly debt payments are less satisfied with their financial management.

Greninger, Hampton and Kitt (1982) in a study of financial management attitudes, perceptions, practices, and roles of 300 married couples found that satisfaction with management techniques was more likely to be found among economically stable families where after-tax income was higher, duration of marriage longer, and children older. Their objective was to investigate the relationship between demographic, social psychological, and behavioral factors and satisfaction with financial management. The majority of the respondents reported that they were at least somewhat satisfied with their financial management techniques.

In summary, a review of the research indicates that most families are satisfied with their family financial management and that subjective measures such as perceptions of income adequacy influence levels of satisfaction. Family characteristics that were the best predictors of effective financial management behavior included: number of years married, employment status and family income.

Chapter 3

METHODOLOGY

This study included subsamples from a larger study on Interactive Planning for Family Futures[1]. The major objective of the Family Futures project is to assist families and individuals with midlife decisions during times of relatively rapid change in our society. The project addresses the need for the self funding of personal and family futures through appropriate lifestyle planning during the midlife decades.

The data used for this study were collected through a statewide telephone survey conducted during May 1988. Respondents were between the ages of 25 and 60. For purposes of this study, single earner and dual earner families were extracted from the larger statewide random sample of families in Delaware. The questions for this study are included in the Appendix. They represented about one-third of the survey questionnaire in addition to the demographic questions.

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[1]This study was supported in part by the Interactive Planning for Family Futures Project, Barbara H. Settles, PhD, principal investigator, United States Department of Health and Human Services, Administration on Aging, Grant #009 0A M0219, and the University of Delaware. A summary of the products and research findings can be obtained by writing: Family Futures, 101 Alison Hall, Department of Individual and Family Studies, University of Delaware, Newark, DE 19716, phone (302)451-2933. A peer leadership manual and training manual, videotape (including a Spanish version) and an interactive computer program are currently available.

The questionnaire was developed by the Interactive Planning for Family Futures project staff members. It was revised a number of times both before and after being pretested to facilitate its administration. The pretesting of 25 surveys helped to refine the questionnaire as well as determine the length of the telephone interview. The goal was to design a 15 minute telephone survey. The data collection process was administered by 12 trained interviewers through the Census and Data System in the College of Urban Affairs and Public Policy at the University of Delaware.

The State of Delaware has three counties. The geographic unit of analysis was the county. The sample size for each county was determined as a proportion relative to the estimated total state population (600,000). For a total sample of 300 respondents from county populations of approximately 400,000 in New Castle and 100,000 each in Kent and Sussex, county samples of 200, 50 and 50 respectively, were proportional.

The total number of phone numbers needed for each county was based on the expected number of successful survey completions per number of calls dialed. A greater number than needed were generated to avoid possible duplication of numbers if a shortfall requiring additional numbers, should occur. A total of 5,600 numbers were generated for New Castle County, 3,100 for Kent County and

4,100 for Sussex County. A higher number was generated for Sussex than Kent, since Sussex includes the resort area.

The numbers were generated using a random number generator on the University of Delaware computer mainframe and information from the telephone company about working three-digit prefixes within each county. Telephone numbers were randomly selected from the total of all working banks within each exchange. The pages of phone numbers were numbered and divided among the interviewers for each county.

The interviewers included members of the Family Futures project staff (graduate and undergraduate students), as well as three professionals who each lived in one of the three counties. The three professional interviewers completed approximately one-half of the surveys and the nine members of the Family Futures staff completed the other half. Training sessions for the interviewers were conducted for the pre-test and the telephone survey. Instructions for record keeping of time sheets and telephone sheets were reviewed. General interviewing techniques and specific instructions for the survey questionnaire were provided along with a role-playing practice session which matched experienced interviewers with inexperienced ones.

The interviewers were instructed to make calls at different times of the day, between 9 a.m. and 10 p.m., and week, including Saturdays and Sundays, if necessary, but not holidays. Each number was attempted a total of 3 different times before abandonment. Nonresidential and nonworking telephone numbers were crossed off the list. If any phone number had changed, interviewers were instructed not to use the new number. Respondents who had been interviewed for the pre-test were not interviewed for the study. The respondents were asked questions about their household as well as information about spouses' education, occupation, and employment status. Respondents were screened for required survey characteristics (i.e., age and county of residence), until the interviewers completed the assigned number of surveys.

Once the interviewing began, the surveys were reviewed immediately following their completion to assure that they were properly administered. Interviewers were provided feedback and weekly checks were made of their progress. Coding, data entry, and cleaning-up the data took several months to complete.

Coding of the data was completed with the assistance of a member of the Family Futures staff. Data were entered and cleaned up with the assistance of the staff of the Census and Data System at the University of Delaware.

A total of 306 surveys were successfully completed with a response rate of 45% and a refusal rate of 55% based upon eligibles who participated versus eligibles who refused. The six extra surveys were due to oversampling.

Since the number of eligible participants is unknown and the number of refusals is known using the random number generator method, the following is also reported. After eliminating nonresidential numbers and nonworking numbers, the proportion of interviews, refusals, screened and missed calls reveals that 23% responded and 29% refused. Fifteen percent were screened, that is, no one was available in the household between 25 and 60 years of age, or they did not reside in the appropriate county. One-third (33%) of the calls were missed, if they could not be reached after three tries at different times of the day or week.

The Family Futures survey totalled 12 pages in length and averaged 20 minutes per interview. Wednesdays were the most popular day of the week (one-fourth of the interviews were conducted on Wednesdays), followed by Tuesdays, Mondays and Thursdays. Evenings were the most popular time of day, with 46% of the interviews conducted in the evening, 36% in the afternoon, and only 17% in the morning.

Subsamples of 121 married dual earner couples and 69 married single earner couples were generated from the statewide survey of 306 families. The subsamples for this study were limited to married couples where one or both spouses were gainfully employed either full-time or part-time.

The data used in this analysis refer to satisfaction with financial management, selected money management practices, various sociodemographic variables and perception of income adequacy. An index of satisfaction with financial management was created by summing across measures of satisfaction (from 4 = completely satisfied to 1 = completely dissatisfied) with standard of living, amount of savings, amount of investments, ability to pay off debt, and achievement of financial goals. Satisfaction with the decision making process in the household was determined separately.

Satisfaction with financial management was the dependent variable. A reliability analysis of this index produced a reliability coefficient with an alpha = .8268. For categorical analysis, four categories were created using the mean and ± 1 standard deviation from the mean as the cut-off points.

Financial management planning practices were determined by asking respondents if they set financial goals (2 = yes, 1 = no), if they made spending plans (2 = yes, 1 = no), if yes, were their plans written or unwritten, and the time periods they covered (weekly, monthly, yearly, five years, and more than five years). Implementation of the plans was determined by asking how frequently the plans were reviewed (1 = only in an emergency, 2 = on a regular basis, 3 = occasionally, or 4 = not at all), who made the money management decisions in the household (1 = respondent only, 2 = spouse only, 3 = respondent and spouse share equally, 4 = respondent and other adult, 5 = other adults), who carried out the money management decisions (same options as for who made the decisions), and approximately how many hours per month were spent doing so. Patterns and trends of credit use were determined by asking debt obligation excluding rent, mortgage, utilities or business debt (1 = no debt, 2 = less than 5% of income, 3 = 5-10%, 4 = more than 11%), and amount of credit used compared to the previous year (1 = greater, 2 = same, 3 = less). Patterns and trends for savings and investments were determined by asking the amount of take home pay saved and invested each year (1 = less than 5% of income, 2 = 5-10%, 3 = 11-20%, 4 = more than 20%), and amount saved compared to the previous year (1 = greater, 2 = same, 3 = less).

Sociodemographic variables were measured by asking the respondents, who could be either husband or wife, their specific age, number of years married, number of children and family income range. Ten income categories ranging from under $5,000 to $100,000 and over were collapsed to 4 categories for analysis purposes (1 = less than $30,000, 2 = $30,000-39,999, 3 = $40,000-49,999, and 4 = $50,000 and over). Respondents were also queried for the employment status and occupation for themselves and their spouse. The occupational information was coded using the 1977 Standard Occupational Classification of the Bureau of the Census.

Education for the respondent and their spouse was determined by asking the highest grade or level of education completed with 12 representing a high school education, 16 a college degree, and 21 a PhD.

Perception of income adequacy was measured by asking respondents to describe how they felt about what they could afford (1 = necessities only or income is inadequate, 2 = some things, and 3 = most or everything). Perceptions of income adequacy were also determined by asking respondents how well they could manage a $1000 unexpected crisis (1 = only with difficulty or not well, 2 = fairly well, or 3 = quite easily).

Hypotheses:

1. There are no differences in financial management practices between married single earner and dual earner families.

2. There are no differences between married single earner and dual earner families in satisfaction with financial management based upon the following financial management activities: goal setting, planning, amount of debt, amount of savings and investments, implementing, decision making and time spent.

3. There are no differences between married single earner and dual earner families in satisfaction with financial management based upon the following sociodemographic variables: age, number of years married, number of children, education of interviewee and spouse, occupation of interviewee and spouse, and family income.

4. There are no differences between married single earner and dual earner families in perceived income versus real income for predicting satisfaction with financial management.

Delimitations of the Study

This study was delimited to married single earner and dual earner families and their satisfaction with money management practices which included goal setting, budgeting, decision making, record keeping, amount of time spent, amount of debt, and amount of savings and investments. Perceptions of income adequacy were delimited to how they felt about what they could afford and how well they could manage in a crisis.

The data were delimited to those gathered from subsamples of a larger study on Interactive Planning for Family Futures. The random sampling of Delaware residents ages 25 to 60 years delimited the subsamples to 121 married dual earner couples and 69 married single earner couples gainfully employed either full-time or part-time. The satisfy scale delimited these subsamples to 144 valid cases for the two-way analyses of variance and 133 cases for the three-way analyses of variance.

Limitations

The data were collected from within the state of Delaware. The generalizability to other populations is therefore limited.

The subsamples for this study were limited to married single earner and dual earner families. Therefore, the generalizability to diverse family forms (e.g., cohabiting and gay or lesbian couples) is limited.

The majority of the respondents for both subsamples were female. A more equal number of responses from husbands and wives or joint responses might have resulted in different data.

Definition of Variables

Dependent variable

- satisfaction - satisfaction or the fulfillment of needs as indicated on a four-point satisfaction scale

Independent variables

- couple earner status - single or dual
- single earner couple - two married individuals one of whom contributes income to the household
- dual earner couple - two married individuals each of whom contribute income to the household
- age - actual age of interviewee
- number of years married - actual number of years married
- number of children - total number of children under 18 who reside in the household full time

- education - the highest grade in school completed by each adult on a scale from 1 to 21 with 12 representing high school graduate and 21 a doctorate

- occupation - the occupation of each adult classified according to a socioeconomic index reflecting increasing socioeconomic status

- income - total income before taxes for the household in the past 12 months including wages and salaries, net income from business or farm, pensions, dividends, interest, rent, social security payments and any other money received by members of the household

- money management activity - record keeping, bill paying or making savings and investments decisions

- perceived income adequacy - adequacy of income in one's mind

- standard of living - a generalized term for the varied goods and services that reflect the goals and aspirations of individuals and/or groups

- goals - value based financial management objectives or anticipated outcomes

- planning - a series of decisions concerning future standards and/or sequences of action for financial management

- implementing - actuating standards and sequences and controlling the action for financial management

- decision making - the process of evaluation in choosing or resolving alternatives for financial management

- amount of time spent - actual number of hours per month spent on financial management

- debt - amount of money owed

- savings - amount of money saved

- investments - assets varying both in value and earnings with economic conditions

Chapter 4

ANALYSIS

This chapter presents the demographic characteristics of the married single earner and dual earner families in the sample. Hypotheses are presented along with statistically significant findings. Additional data are presented which describe the financial management practices of dual and single earner families and are considered to be of value to researchers and educators in terms of trends in financial management.

Demographic Characteristics

Dual earner families in this study had more education, higher occupational status, and more family income than single earner families. While the respondents were either the husband or wife, over 70% of the respondents were female for both single earner and dual earner families (Table 1). Ninety percent of the single earner families were white as were 89% of the dual earner families. Single and dual earner families differed significantly on the following demographic characteristics: the respondent's level of education (Table 2), the spouse's occupation, and family income (Table 3). Respondents in two earner families had more education than respondents in one earner families. Three-fourths of the spouses in two income families were employed in the managerial and professional and the technical, sales and administrative support categories compared to

Table 1 Demographic Characteristics

	Single Earner		Dual Earner	
	%	N(69)	%	N(121)
Sex of Respondent				
Male	28	19	29	35
Female	72	50	71	86
Race				
White/Caucasian	90	62	89	108
Black	6	4	10	12
Hispanic/Other	4	3	1	1
Age of Respondent				
25-29	12	8	13	16
30-35	28	19	23	28
36-40	10	7	21	25
41-50	23	16	26	32
51-60	26	18	16	19
Refused	1	1	1	1
Number of Years Married				
0- 5	16	11	21	26
6-10	20	14	21	25
11-20	23	16	32	39
21+	41	28	26	31
Education				
High School Graduate	96	66	98	119
Some College	38	27	61	74
College Graduate	22	16	28	34
Post Graduate	5	4	13	17
Spouse's Education				
High School Graduate	88	61	96	116
Some College	45	31	54	65
College Graduate	33	23	36	43
Post Graduate	13	9	14	17
Income				
0-19,999	11	8	6	7
20,000-29,999	19	13	11	13
30,000-39,999	28	19	22	27
40,000-49,999	14	10	25	30
50,000-74,999	12	8	19	23
75,000-99,999	6	4	4	5
100,000+	3	2	2	3
Missing	7	5	11	13

Table 1 Demographic Characteristics (continued)

	Single Earner		Dual Earner	
	%	N(69)	%	N(121)
Household Size				
2	25	17	26	32
3	22	15	23	28
4	30	21	30	36
5	16	11	13	16
6	6	4	7	9
7	1	1	--	--
Employment Status				
Full Time	19	13	72	87
Part Time	4	3	28	34
Unemployed	77	53	--	--
Spouse's Employment Status				
Full Time	74	51	90	109
Part Time	3	2	10	12
Unemployed	23	16	--	--
Occupation				
Managerial & Professional	16	11	37	45
Technical, Sales & Admin. Support	28	19	38	46
Service	1	1	10	12
Farming, Forestry & Fishing	0	0	1	1
Precision Product, Craft & Repair	4	3	4	5
Operator, Fabricators & Laborers	6	4	8	10
Veteran	6	4	1	1
Homemaker	38	26	1	1
Unemployed	1	1	--	--
Spouse's Occupation				
Managerial & Professional	33	22	42	51
Technical, Sales & Admin. Support	17	11	34	41
Service	7	5	2	3
Farming, Forestry & Fishing	0	0	3	4
Precision Product, Craft & Repair	12	8	7	8
Operator, Fabricators & Laborers	12	8	9	11
Veteran	3	2	2	2
Homemaker	10	7	--	--
Other	6	6	1	1

Table 2 **Demographic Characteristics and Financial Management Activities of Married Single Earner and Dual Earner Samples: t-tests**

	Single Earner N = 69		Dual Earner N = 121		
	X	**S.D.**	**X**	**S.D.**	**t**
Demographic Characteristics					
Family size	3.61	1.26	3.52	1.23	- .47
Number of children	1.30	1.19	1.20	1.17	- .60
Age of respondent	41.66	10.93	39.97	9.01	-1.15
Number of years married	17.80	12.07	14.85	10.09	-1.80
Education of spouse	13.84	3.02	14.20	2.50	.88
Education of respondent	13.40	1.97	14.08	2.45	1.97*
Financial Management					
Number of hours/month spent on money management activities	4.83	4.37	5.55	5.55	.89*

* $p \leq .05$

Table 3 Chi-Square Analysis of Married Single Earner and Dual Earner Samples for Demographic and Financial Management Variables

Variables	DF	Chi-Square
Demographic Characteristics		
Family income	1	5.14*[a]
Occupation of spouse	3	7.86*[b]
Occupation of respondent	3	3.95
Financial Management Practices		
Interest in planning for future	2	2.53
Interest in retirement planning	2	6.72*[c]
Interest in midlife financial plans	3	2.45
Set goals	1	.00
Spending plans	1	2.23
Amount of debt	3	4.25
Amount of savings and investments	3	5.03
Review plans	4	2.47
Money activities	3	4.46
Money decisions	3	3.31

* $p \leq .05$
[a] Higher for dual earner families
[b] More dual earners held managerial, professional, technical, sales and administrative support positions
[c] Greater for dual earner families

one-half of the spouses in the one earner families. Respondents in two earner families reported a higher family income range than one earner families. The average range for two earner families was $40,000-49,999 and $30,000-39,999 for one earner families in 1988.

Hypothesis #1

There are no differences in financial management practices between single earner and dual earner families.

Financial Management

It was found that two earner families spend significantly more time on financial management activities than one earner families (Table 2). It was also found that dual earner families were significantly more interested in retirement planning than single earner families (Table 3). Almost half of the dual earner families compared to one-fourth of the single earner families were very interested in information about retirement planning. Therefore, the hypothesis that there are no differences in financial management practices between single earner and dual earner families is not accepted.

Goal Setting

An area where there was similarity between single earner and dual earner families was in setting financial goals. Over three-fourths of the respondents in each group set financial goals (Table 4). This practice contributed to their level of satisfaction with financial management.

Planning and Implementing

Most families plan how they spend their money, and their plans are usually unwritten. One-third of single earner and almost one-half of dual earner families reported using written plans. Most families plan expenditures on a monthly basis; however, they also plan weekly, annually and for five years or more. They reported reviewing their plans regularly or occasionally. However, dual earner families seem to review their plans more out of necessity or due to an emergency than single earner families (Table 4). While most families felt they could handle a $1,000 unexpected crisis quite easily or fairly well, 16% of one and two earner families felt it would be difficult (Table 5). Differences in the use of credit, savings and investments, and decision making were observed between married single earner and dual earner families.

Although single earner families average less household income than dual earner families, single earner families feel better off than dual earner families

Table 4 Planning and Implementing

	Single Earner YES		Dual Earner YES	
	%	N(69)	%	N(121)
Do you set financial goals?	78	53	78	94
Do you plan how you spend your money?	87	60	93	113
Is your plan written	10	6	17	19
unwritten	67	40	53	60
both	23	14	30	34
Which time periods does your plan cover:				
weekly	32	19	42	47
monthly	63	38	58	66
yearly	38	23	40	45
five years	15	9	19	21
more than five years	15	9	21	24
other	2	1	3	3
How often do you review your plan:				
only in an emergency	3	2	9	10
on a regular basis	52	31	47	53
occasionally	40	24	39	44
not at all	5	3	4	5
other	-		1	1

Table 5 How Well Could You Manage a $1,000 Crisis?*

	Single Earner		Dual Earner	
	%	N(69)	%	N(121)
Quite easily	37	25	41	49
Fairly well	46	31	43	52
Only with difficulty	16	11	16	19

*Percentages do not add to 100 due to rounding

(Table 6). Almost half of single earner families felt they could afford **most** things they wanted; whereas, half of dual earner families felt they could only afford **some** things they wanted.

Credit Use

Differences in financial management practices can be observed when looking at credit practices of single earner and dual earner families (Table 7). While they have lower average incomes, single earner families appear to use less credit than dual earner families. Single earner families expressed greater satisfaction due to spending less of their income for credit than dual income families. A majority of single earner families (54%) report owing less than 5% of income for personal debt (excluding mortgage and utilities). A majority of dual earner families (55%) report owing more than 5% for personal debt. Twenty-two percent of dual earner families had personal debts greater than 10% of their income compared to 16% of single earner families with debts greater than 10% of their income.

Families were asked about their use of credit compared to the previous year. Most families reported using less or the same amount of credit in 1988 as in

Table 6 Perceived Income Adequacy

	Single Earner		Dual Earner	
	%	N(69)	%	N(121)
Do you feel you can afford...				
Everything you want	2	1	3	3
Most things you want	48	33	42	51
Some things	46	31	50	60
Necessities only or income is inadequate	4	3	5	6

Table 7 Credit Use*

	Single Earner %	Single Earner N(69)	Dual Earner %	Dual Earner N(121)
How much personal debt do you owe (excluding mortgage)?				
none	20	13	24	27
< 5%	34	22	21	24
5-10%	30	19	33	38
11-20%	11	7	17	20
> 20%	5	3	5	6
Compared to 1987 was your debt in 1988...				
greater	17	11	26	31
same	38	25	35	41
less	46	30	39	46

*Percentages do not add to 100 due to rounding

1987. A greater percent of single earner families reported they had cut back on their use of credit than dual earner families. On the other hand one-fourth of dual earner families reported using more credit in 1988 than 1987 (Table 7).

Savings and Investments

With higher average incomes, dual earner families are able to save more than single earner families. Well over one-third (38%) of dual earner families save more than 10% of their income compared to 22% of single earner families who save that amount (Table 8). On the other hand, 28% of single earner families save less than 5% of net income compared to 19% of dual earner families.

Most families reported saving the same amount or more in 1988 than the previous year; however, more dual earner families reported greater savings in 1988 than 1987 compared to single earner families. Over 40% of dual earner families increased their savings from the previous year compared to 25% of single earner families (Table 8).

Decision Making

Financial management involves money management decisions and related activities. Families are more likely to share money management decisions than money management activities (Table 9).

Table 8 Savings*

	Single Earner %	N (69)	Dual Earner %	N (121)
What percent of net income do you save and invest?				
none	7	4	6	7
< 5%	21	12	13	15
5-10%	50	29	43	49
11-20%	14	8	28	32
> 20%	8	5	10	11
Compared to 1987 was your savings in 1988...				
greater	26	16	41	49
same	51	33	45	54
less	25	16	13	16

*Percentages do not add to 100 due to rounding

Table 9 Decision Making*

	Single Earner		Dual Earner	
	%	N (69)	%	N (121)
Who has major responsibility for money management decisions?				
You only	38	26	36	43
Spouse only	32	22	23	28
Shared	29	20	41	49
Who has major responsibility for money management activities?				
You only	66	45	51	61
Spouse only	24	16	33	39
Shared	10	7	16	19

*Percentages do not add to 100 due to rounding

It was found that in most families (70% of single earner and 59% of dual earner) one individual has major responsibility for money management **decisions.** In 90% of single earner and 84% of dual earner families, one person had major responsibility for the money management **activities.** Dual earner families appear more likely to share responsibilities for money management **decisions** than single earner families (41% versus 29% respectively). The data indicate that dual earner families are also more likely to share money management **activities** than single earner families (16% versus 10%).

Time Spent

Most families spend between 1 to 3 hours per month on money management activities (Table 10). Perhaps due to higher average incomes and more sharing of decisions and activities, dual earner families spend significantly more time on money management activities than single earner families (5.5 hours/month versus 4.8 hours/month respectively).

Satisfaction

Satisfaction with financial management practices was determined by looking at five different aspects of money management: level of living, amount of savings, amount of investments, ability to pay debt, and achievement of financial goals. Respondents were most satisfied with their level of living but least satisfied

Table 10 Time Spent

	Single Earner %	N (69)	Dual Earner %	N (121)
Number of hours/month spent on money management activities				
1-3 hours	45	29	38	42
4 hours	22	14	23	25
5-7 hours	15	10	18	20
8+ hours	18	12	21	23

with their amount of savings and investments. Respondents were also quite satisfied with the decision making process in their household, their ability to pay off debts and their ability to achieve financial goals. Although one earner families had lower average incomes and socioeconomic status than two earner families, they reported greater satisfaction in all areas of financial management mentioned above (Table 11).

Hypothesis #2

There are no differences between single earner and dual earner families in satisfaction with financial management based upon the following financial management activities:

- goal setting
- planning
- amount of debt
- amount of savings and investments
- implementing
- decision making
- time spent

Table 11 Satisfaction With Different Aspects of Financial Management

Financial Management Aspects	Completely Satisfied				Somewhat Satisfied				Somewhat Dissatisfied				Completely Dissatisfied			
	Single earner		Dual earner		Single earner		Dual earner		Single earner		Dual earner		Single earner		Dual earner	
	%	N(69)	%	N(121)	%	N(69)	%	N(121)	%	N(69)	%	N(121)	%	N(69)	%	N(121)
Standard of living	37	25	33	40	60	41	60	73	3	2	7	8	--	--		
Amount of savings	16	11	13	16	54	36	47	56	19	13	28	33	10	7	12	15
Amount of investments	17	11	11	13	54	35	49	57	18	12	31	36	11	7	9	11
Ability to pay off debts	58	38	44	53	32	21	38	46	9	9	15	18	2	1	2	3
Achievement of financial goals	19	10	20	19	74	39	61	57	8	4	16	15	--		2	2
Decision making process in household	61	41	45	54	33	22	47	56	6	4	8	10	--		--	

Two-way analyses of variance were computed to determine if there was variance in satisfaction with financial management due to differences in financial management practices in one and two earner families. Earner status was analyzed simultaneously with financial management practices. An analysis of variance could not be computed on goal setting due to empty cells. Statistically significant differences in satisfaction with financial management were found concerning amount of debt, amount of savings, money management activities and satisfaction with the decision making process in their household (Table 12).

There was a significant difference in satisfaction with financial management based upon the amount of debt. The less the debt, the greater the satisfaction with financial management. Tukey post hoc multiple comparisons indicated there were significant differences between those with no debt and those with debt. Also, those with debts less than 5% of income were significantly more satisfied than those with debts over 5% of income.

There was a significant difference in satisfaction with financial management based upon the amount of savings. The greater the savings, the greater the satisfaction with financial management. Tukey post hoc multiple comparisons indicated there were significant differences in satisfaction between those who saved more than 20% of their income and those who saved 10% or less. There were also significant differences between the following groups: those who saved

Table 12 Analysis of Variance for Financial Satisfaction of Married Single Earner and Dual Earner Families by Financial Management Variables

Source of Variation	Satisfaction With Financial Management SS	DF	MS	F
Main Effects	53.084	4	13.271	1.707
Earner Status	20.731	1	20.731	2.666
Type of Plan	28.204	3	9.401	1.209
Two-Way Interactions				
Earner Status x Plan	39.993	3	13.331	1.715
Main Effects	25.130	2	12.565	1.565
Earner Status	22.844	1	22.844	2.845
Spending Plan	.250	1	.250	.031
Two-Way Interactions				
Earner Status x Spending Plan	1.331	1	1.331	.166
Main Effects	42.299	4	10.575	1.309
Earner Status	25.202	1	25.202	3.121
Review Plans	18.257	3	6.086	.754
Two-Way Interactions				
Earner Status x Review Plans	28.687	3	9.562	1.184
Main Effects	209.310	4	52.328	8.083
Earner Status	24.063	1	24.063	3.717
Amount of Debt	184.043	3	61.348	9.476***
Two-Way Interactions				
Earner Status x Amount of Debt	17.378	3	5.793	.895
Main Effects	67.373	3	22.458	2.850
Earner Status	17.887	1	17.887	2.270
Change in Debt	42.373	2	21.187	2.689
Two-Way Interactions				
Earner Status x Change in Debt	3.575	2	1.788	.227
Main Effects	285.505	4	71.376	12.281
Earner Status	37.048	1	37.048	6.374*
Amount of Savings	273.471	3	91.157	15.684***
Two-Way Interactions				
Earner Status x Amount of Savings	4.088	3	1.363	.234

Table 12 Analysis of Variance for Financial Satisfaction of Married Single Earner and Dual Earner Families by Financial Management Variables (Continued)

Source of Variation	Satisfaction With Financial Management SS	DF	MS	F
Main Effects	24.455	3	8.152	.997
Earner Status	21.304	1	21.304	2.606
Change in Savings	3.570	2	1.785	.218
Two-Way Interactions				
Earner Status x Change in Savings	1.258	2	.629	.077
Main Effects	35.056	3	11.685	1.459
Earner Status	25.919	1	25.919	3.235
Money Decisions	10.176	2	5.088	.635
Two-Way Interactions				
Earner Status x Money Decisions	9.860	2	4.930	.615
Main Effects	75.752	4	18.938	2.405
Earner Status	33.163	1	33.163	4.211*
Money Activities	50.177	3	16.726	2.124
Two-Way Interactions				
Earner Status x Money Activities	2.670	2	1.335	.170
Main Effects	73.454	4	18.363	2.319
Earner Status	29.189	1	29.189	3.686
Time Spent	42.077	3	14.026	1.771
Two-Way Interactions				
Earner Status x Time Spent	19.367	3	6.456	.815
Main Effects	217.473	3	72.491	10.781
Earner Status	10.493	1	10.493	1.561
Satisfaction with Decisions	192.593	2	96.296	14.321***
Two-Way Interactions				
Earner Status x Satisfaction with Decisions	5.041	2	2.520	.375

* $p \leq .05$
** $p \leq .01$
*** $p \leq .001$

over 11% of income, those who saved 5-10% of income and those who saved less than 5% of income. Satisfaction with financial management increased significantly with higher levels of savings.

The main effect for earner status in the analysis with amount of savings was also significant. Single earners were more satisfied than dual earners. Single earners were also more satisfied than dual earners in the analysis of household arrangements for money management activities. There was a main effect for satisfaction with the decision making process in one's household. The more satisfied with the decision making process, the more satisfied with one's financial management.

In summary, significant differences in satisfaction with financial management were found due to amount of debt, amount of savings, and satisfaction with the decision making process. Earner status made a significant difference in satisfaction when controlling for amount of savings and arrangements for money management activities. Single earners were more satisfied than dual earners in both of these analyses.

This research supports the theory that effective financial management practices contribute significantly to satisfaction with financial management. Therefore, the second hypothesis stating there are no differences between single earner and dual earner families in satisfaction with financial management based upon financial management activities is not accepted.

Hypothesis #3

There are no differences between single earner and dual earner families in satisfaction with financial management based upon the following sociodemographic variables:

- age
- number of years married
- number of children
- education of respondent
- education of spouse
- occupation of respondent
- occupation of spouse
- income of family

Two-way analyses of variance were computed which analyzed earner status with sociodemographic variables. Statistically significant differences in satisfaction with financial management were found concerning age, spouse's education, respondent's occupation, and income (Table 13).

Table 13 Analysis of Variance for Financial Satisfaction of Married Single Earner and Dual Earner Families by Sociodemographic Variables

	Satisfaction With Financial Management			
Source of Variation	**SS**	**DF**	**MS**	**F**
Main Effects	56.216	5	11.243	1.489
Earner Status	20.619	1	20.619	2.731
Age Group	30.954	4	7.739	1.025
Two-Way Interactions				
Earner Status x Age Group	89.999	4	22.500	2.980*
Main Effects	67.866	4	16.967	2.202
Earner Status	16.443	1	16.443	2.134
Years Married	42.986	3	14.329	1.860
Two-Way Interactions				
Earner Status x Years Married	34.813	3	11.604	1.506
Main Effects	34.019	3	11.340	1.345
Earner Status	12.333	1	12.333	1.462
Children in Household	23.972	2	11.986	1.421
Two-Way Interactions				
Earner Status x Children in Household	8.453	2	4.227	.501
Main Effects	90.572	5	18.114	2.385
Earner Status	27.532	1	27.532	3.625
Respondent's Education	68.690	4	17.173	2.261
Two-Way Interactions				
Earner Status x Respondent's Education	23.882	4	5.971	.786
Main Effects	69.042	5	13.808	1.731
Earner Status	32.879	1	32.879	4.121*
Spouse's Education	44.162	4	11.040	1.384
Two-Way Interactions				
Earner Status x Spouse's Education	12.391	4	3.098	.388
Main Effects	42.475	4	10.619	1.354
Earner Status	30.714	1	30.714	3.918*
Respondent's Occupation	14.527	3	4.842	.618
Two-Way Interactions				
Earner Status x Respondent's Occupation	2.408	2	1.204	.154

Table 13 Analysis of Variance for Financial Satisfaction of Married Single Earner and Dual Earner Families by Sociodemographic Variables (Continued)

	Satisfaction With Financial Management			
Source of Variation	**SS**	**DF**	**MS**	**F**
Main Effects	79.662	4	19.916	2.438
Earner Status	12.669	1	12.669	1.551
Spouse's Education	54.378	3	18.126	2.219
Two-Way Interactions				
Earner Status x Spouse's Education	14.534	3	4.845	.593
Main Effects	181.782	4	45.446	6.678
Earner Status	54.188	1	54.188	7.962**
Income	141.320	3	47.107	6.922***
Two-Way Interactions				
Earner Status x Income	3.378	3	1.126	.165

* $p \le .05$
** $p \le .01$
*** $p \le .001$

An interaction effect was found between single earner and dual earner status and age. The effects of earner status were not the same across the five age group levels (25-29, 30-35, 36-40, 41-50, 51-60). For dual earner families satisfaction was lowest at midlife, while for single earner families satisfaction was highest at midlife.

The main effect for earner status was significant when analyzing satisfaction in relation to spouse's education and respondent's occupation. Single earners were more satisfied than dual earners in both of these analyses.

There was a significant difference in satisfaction with financial management based upon income and earner status. Single earners were more satisfied than dual earners. Tukey post hoc multiple comparisons determine which pairs or combinations of means differ. There were significant differences in satisfaction between those with incomes under $30,000 and those with higher incomes, as well as those with incomes of $50,000 or more and those with lower incomes. Therefore, the third hypothesis that there are no differences between single earner and dual earner families in satisfaction with financial management based upon sociodemographic variables is not accepted.

Previous research has indicated that sociodemographic variables are not the best predictors of satisfaction with financial management. However, this research is consistent with other studies that report the higher the level of income, the greater the satisfaction.

Hypothesis #4

There are no differences between single earner and dual earner families in perceived income versus real income and satisfaction with financial management.

Perceptions of Income Adequacy

Perceptions of income adequacy were measured by ability to manage a $1,000 crisis and by feelings of how much one could afford for goods and services. Three-way analyses of variance were computed to determine if there was variance in satisfaction with financial management due to differences in perceptions of income adequacy (Table 14). Satisfaction was the dependent variable and earner status, income and ability to manage a $1,000 crisis were the independent variables. In the second three-way analysis, satisfaction was the dependent variable and earner status, income and feelings of how much one could afford for goods and services were the independent variables.

There were main effects for earner status and both perceptions of income adequacy. Single earners were more satisfied than dual earners in both analyses. The more easily one could manage a crisis or the more they felt they could afford for goods and services, the more satisfied with their financial management.

Table 14 Analysis of Variance for Financial Satisfaction of Married Single Earner and Dual Earner Families by Perceived Income Adequacy Versus Real Income

	Satisfaction With Financial Management			
Source of Variation	**SS**	**DF**	**MS**	**F**
Main Effects	248.419	6	41.403	6.355
Earner Status	35.113	1	35.113	5.389*
Income	47.970	3	15.990	2.454
Crisis	61.063	2	30.532	4.686*
Two-Way Interactions	49.587	11	4.508	.692
Earner Status x Income	9.293	3	3.098	.475
Earner Status x Crisis	4.075	2	2.037	.313
Income x Crisis	36.860	6	6.143	.943
Three-Way Interactions				
Earner Status x Income x Crisis	5.505	3	1.835	.282
Main Effects[1]	245.203	6	40.867	6.509
Earner Status	29.818	1	29.818	4.749*
Income	25.391	3	8.464	1.348
Afford	63.421	2	31.711	5.050**

* $p \le .05$
** $p \le .01$
1 Due to empty cells or a singular matrix, higher order interactions have been suppressed

Interactions could not be computed for perceptions of how much one could afford due to empty cells. Also, post hoc comparisons could not be made on either analysis due to empty cells.

Perceptions of income adequacy were more important than real income in determining satisfaction with financial management. These results are consistent with previous studies that consistently report that perceived income adequacy is more important than real income for predicting satisfaction with quality of life. The fourth hypothesis that there are no differences between single earner and dual earner families in perceived versus real income for predicting satisfaction with financial management is not accepted.

In summary, it has been found that financial management practices differ between married single earner and dual earner families. Both financial management practices and sociodemographic characteristics affect the level of satisfaction with financial management. Perceptions of income adequacy were also related to satisfaction with financial management.

Chapter 5

SUMMARY AND CONCLUSIONS

The focus of this study was on similarities and differences in financial management practices of married single earner and dual earner families and factors influencing satisfaction with their financial management. Dual earner families outnumber single earner families two to one in the general population. Contrary to what one might expect, the number of dual earner families has remained fairly constant in recent decades; however the number of single earner families has decreased. The remaining families were without earners, or the husband was not an earner.

Subsamples of married single earner and dual earner families were obtained from a larger study on Interactive Planning for Family Futures. A survey was conducted in 1988 by telephone interview in the state of Delaware. Subsamples of 121 dual earner families and 69 married single earner families were drawn from a random statewide sample of 306 families.

Systems theory provided the conceptual framework for this study with perception of income adequacy and socioeconomic variables as inputs, planning and implementing through goal setting, budgeting and decision making as the throughputs, and satisfaction with various aspects of financial management the output. Socioeconomic variables and financial management practices were analyzed for their ability to predict satisfaction with financial management. Analysis of the data included the use of frequencies, t-tests, chi-square, two-way and three-way analyses of variance.

Demographically, the subsamples were predominantly white and over 70% of the respondents were female. Dual earner families had more education, a higher occupation status and higher average incomes than single earner families.

A number of similarities and differences were found in the manner in which single earner and dual earner families manage their financial resources. Three-fourths of both single earner and dual earner families set goals and practically all of these respondents were satisfied with the achievement of their goals. Satisfaction with financial management is based upon planning and implementing resources to achieve desired goals (Deacon & Firebaugh, 1988). A similar proportion (16%) of one and two earner families was concerned about how they would manage a $1,000 crisis. This finding supports research by Hira (1987). Dual earner families expressed more interest in retirement planning than single earner families.

In most families, one individual assumes responsibility for money management decisions and activities. Dual earner families are more likely to share money management decisions and activities than single earner families. These data support previous research that the greater the wife's earnings, the more her power in the family. Dual earner families spend more time on financial management activities than married single earner families (5.5 hours per month compared to 5 hours per month respectively).

A reliable satisfaction index was created by summing satisfaction scores for standard of living, amount of savings, amount of investments, ability to pay debt, and achievement of financial goals. Respondents were most satisfied with their standard of living but least satisfied with their savings and investments. This supports the findings of a research study by Hira (1987). Single earner families reported greater satisfaction in all areas mentioned above than dual earner families.

The use of money management practices was associated with higher levels of satisfaction with financial management. As could be expected, the less debt the greater the satisfaction and the greater the savings and investments, the greater the satisfaction. This supports the findings of Hira (1987). Also, the greater the satisfaction with the decision making process in the household, the greater the satisfaction with financial management.

Respondents in single earner families reported greater satisfaction with respect to the amount of savings in their household than dual earner families. Single earners were also more satisfied with who was responsible for money management activities in their household than dual earners.

An analysis of sociodemographic variables indicated that age, spouse's education, respondent's occupation and family income were significantly related to satisfaction with financial management. An interaction effect was found with earner status and age. For single earner families, satisfaction was highest at midlife whereas, for dual earner families, satisfaction was lowest at midlife. Although dual earners have more education, higher occupational status and higher average incomes than single earners, two incomes are required for their level of living. Two jobs require a greater need to balance demands and resources, especially if there are children. These demands at midlife may affect one's perception of satisfaction with financial management.

Earner status had a significant effect on satisfaction when controlling for the spouse's education and the respondent's occupation. Single earner families reported greater satisfaction than dual earner families in both cases.

Family income and earner status were also significantly related to satisfaction. In spite of lower average incomes, single earners reported greater satisfaction than dual earners. Family income was also significantly related to satisfaction, with those at higher income levels reporting greater satisfaction than those at lower income levels. This finding supports a study by Greninger et al., (1982).

Perceptions of income adequacy were significantly related to satisfaction with financial management for married single earner and dual earner families. Perceptions of income adequacy were more important than real income in determining satisfaction with financial management. This supports findings in a study by Schnittgrund and Baker (1986).

Conclusions

Financial management practices and sociodemographic variables were analyzed for their impact on single earner and dual earner families' satisfaction with their financial management. Certain types of financial activities were associated with greater satisfaction with financial management. Lower levels of debt, higher levels of savings and investments and higher incomes were associated with greater satisfaction with financial management for married single and dual earner families. This supports the results of other studies on satisfaction with financial management. Single earner families reported greater satisfaction than dual earners with respect to family income, amount of savings, money management activities, spouse's education and respondent's occupation.

Although single earner families average less household income than dual earner families, single earner families feel better off. Perceptions of how much one could afford for goods and services, and one's ability to handle a financial crisis were significantly related to satisfaction with financial management. The more they feel they can afford for goods and services, and the more easily they perceived they could handle a crisis, the greater their level of satisfaction with financial management. As reported in other studies, perceptions of income adequacy are more powerful indicators of family economic well-being than income.

Although dual earner families average more economic resources than single earner families, dual earners perceived their economic well being to be lower. Although dual earner families shared more financial decisions and activities than single earner families, dual earners were less satisfied with those arrangements.

Recommendations

Information obtained from this research has implications for a variety of professionals: educators, extension personnel, and researchers in the field of family resource management; financial counselors and planners; marital therapists family life specialists, attorneys and bankruptcy judges. The results will assist professionals to recognize differences in dual earner and single earner families, to understand how families manage economic resources and how financial management practices affect satisfaction with their quality of life. A better understanding of theory will lead to more beneficial public policies that serve families at all income levels.

Knowledge of different patterns and trends regarding single earner versus dual earner families could assist educators, extension personnel, and employee benefit offices to develop programs on financial management. Dual earner families expressed an interest in retirement planning. Programs on this topic could be offered through the workplace, in addition to programs on savings and investments and credit cost awareness. Dual earners might be receptive to financial management programs in their mid to late 30's, when satisfaction with financial management is lowest. It has been predicted that many families will experience financial difficulty during the 1990's. Understanding how families can maximize the use of their resources will be critical during this decade.

Researchers should continue to study the types of practices that result in greater satisfaction with one's quality of life. Data comparing earners in the same stage of the life cycle would be valuable. Families in the same stage would be likely to have more similar resources and demands, and such a study may help to determine additional similarities and differences in financial management practices. Further research might use responses of both the wife and husband to verify the accuracy of the data, since research has shown that women tend to report lower satisfaction than men.

The larger study on Interactive Planning for Family Futures provides a rich data set for continued use. Single-headed households could be studied and/or compared to other types of households. Further analyses could be done on the decision making questions that were a part of the larger survey. Additional research would contribute to the theory, and provide useful insights for understanding family resource management.

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APPENDIX

Questions Excerpted From

INDIVIDUAL AND FAMILY STUDIES: FAMILY FUTURES SURVEY 2
PROJECT 296A --- MAY 1988

Telephone Number: ______________________ Page Number: _______________

Starting Time: ____________AM PM Ending Time: ________AM PM

Interviewer: ______________________ Interview Date: ______________

Interview Day of Week: M T W T F S S

Comments: ____

____

Hello:

This is ________________ from the University of Delaware Household Survey Project. We are conducting a survey of Delaware residents regarding lifestyles. All information will be kept completely anonymous and confidential. Would you be willing to answer some questions?

1. Are you between 25 and 60 years of age?
____ Yes ---> GO TO Q3 ____ NO ---> GO to Q2

2. Is there someone else in the household between 25 and 60 who I could talk with?
____ Yes ____ No (Thank respondent, end interview)

3. In what county do you live?
( ) 1 New Castle
( ) 2 Kent
( ) 3 Sussex
( ) 7 Refused ( ) 9 Don't Know
IF NOT A DELAWARE RESIDENT, TERMINATE INTERVIEW

3. **DECISION MAKING INFORMATION**

17. How interested are you in obtaining information about the following? Very interested, somewhat, a little, or not at all?

	Very	Somewhat	A Little	Not at All
	3	2	1	0
G. Planning for the future	Very	Somewhat	A Little	Not at All
H. Retirement planning	Very	Somewhat	A Little	Not at All

6. PERSONAL EFFICACY

26. Please listen to the following statements and tell me if you strongly agree, agree, disagree, or strongly disagree.

D. In order to have life work out as planned, it is important to make financial plans no later than mid-life.	SA	A	D	SD

FINANCIAL MANAGEMENT

29. Do you plan for how you spend your money?
( ) 1 Yes ---> GO TO Q30
( ) 0 No ---> GO TO Q33
( ) 7 Ref ( ) 9 DK

30. Is your plan
( ) Written
( ) Unwritten
( ) Both
( ) 7 Ref ( ) 8 NA ( ) 9 DK

31. Which of the following time periods does your plan cover?
CHECK ALL THAT APPLY
( ) Weekly
( ) Monthly
( ) Yearly
( ) Five Years
( ) More than five years
( ) Other ________________
( ) 7 Ref ( ) 8 NA ( ) 9 DK

32. How often do you usually review this plan?
( ) 1 Only when an emergency occurs
( ) 2 On a regular basis
( ) 3 Occasionally
( ) 4 Not at all
( ) 5 Other ________________
( ) 7 Ref ( ) 8 NA ( ) 9 DK

38. How satisfied are you with each of the following?
Completely satisfied (CS); Somewhat satisfied (SS); Somewhat dissatisfied (SD); or Completely dissatisfied (CD)?

	CS 4	SS 3	SD 2	CD 1
A. Your standard of living	CS	SS	SD	CD
B. Your amount of savings	CS	SS	SD	CD
C. Your amount of investments	CS	SS	SD	CD
D. Your ability to pay off back debt	CS	SS	SD	CD
E. The decision making process in your household	CS	SS	SD	CD

39. Who in your household has the major responsibility for money management decisions?
DO NOT READ RESPONSES --- CHECK ONLY ONE

( ) 1 You only
( ) 2 Spouse only
( ) 3 You and spouse share equally
( ) 4 You and other adult
( ) 5 Other adult(s)
( ) 7 Ref ( ) 9 DK

40. Who in your household has the major responsibility for money management activities, such as record keeping?
DO NOT READ RESPONSES --- CHECK ONLY ONE

( ) 1 You only
( ) 2 Spouse only
( ) 3 You and spouse share equally
( ) 4 You and other adult
( ) 5 Other adult(s)
( ) 7 Ref ( ) 9 DK

41. About how many hours a month is spent on this activity?

____________ ( ) 7 Ref ( ) 8 NA ( ) 9 DK

42. Do you set financial goals?
( ) 1 Yes ---> GO TO Q43
( ) 0 No --->
( ) 7 Ref --->

43. How satisfied are you with your achievement of those goals?
( ) 4 Completely satisfied
( ) 3 Somewhat satisfied
( ) 2 Somewhat dissatisfied
( ) 1 Completely dissatisfied
( ) 7 Ref ( ) 8 NA ( ) 9 DK

44. Which one of the following statements best describes how you feel about what you can afford? Do you feel you can afford
( ) 1 Everything you want
( ) 2 Most things you want
( ) 3 Some things you want
( ) 4 Necessities only
( ) 5 You income is not at all adequate
( ) 7 Ref ( ) 9 DK

45. How well do you feel you could manage an unexpected crisis that would make a $1,000 demand on your financial resources?
( ) 1 Quite easily
( ) 2 Fairly well but with some difficulty
( ) 3 Only with difficulty
( ) 4 Not at all well
( ) 7 Ref ( ) 9 DK

46. Which of the following categories best fits your obligation for payment of debts not counting rent, mortgage, utilities, or business debt?
( ) 1 No debt
( ) 2 Less than 5 percent of income
( ) 3 5-10 percent
( ) 4 11-20 percent
( ) 5 More than 20 percent
( ) 7 Ref ( ) 9 DK

47. Which of the following categories best fits the amount of your take home pay you save or invest each year?
( ) 1 No savings or investment
( ) 2 Less than 5 percent of income
( ) 3 5-10 percent
( ) 4 11-20 percent
( ) 5 More than 20 percent
( ) 7 Ref ( ) 9 DK

48. If you compare the amount you currently owe to last year's DEBT, is it
( ) 1 Greater than last year
( ) 2 About the same as last year
( ) 3 Less than last year
( ) 7 Ref ( ) 9 DK

49. If you compare the amount you currently save to last year's SAVINGS is it
( ) 1 Greater than last year
( ) 2 About the same as last year
( ) 3 Less than last year
( ) 7 Ref ( ) 9 DK

10. <u>DEMOGRAPHIC INFORMATION</u>

I would like to ask some final questions about you and your household that will help us analyze the information you have given us.

50. How many persons now live in your household? ________

51. How many are under the age of 18? ________

52. Starting with the youngest, how old are the children? ____ ____ ____ ____ ____

58. What is your current marital status?
( ) 1 Married ---> GO TO Q59
( ) 2 Divorced ---> GO TO Q63
( ) 3 Separated ---> GO TO Q64
( ) 4 Widowed ---> GO TO Q64
( ) 5 Never Married ---> GO TO Q64
( ) 6 Other _______ ---> GO TO Q64
( ) 7 Refused ---> GO TO Q64

59. If now married, how many years in your current marriage?
________ ( ) 97 Ref ( ) 98 NA ( ) 99 DK

60. What is your spouse's current employment status?
( ) 1 Work full-time ( ) 2 Work part-time ( ) 3 Unemployed
( ) 4 Homemaker ( ) 5 Student ( ) 6 Retired
( ) 7 Ref ( ) 8 NA ( ) 9 DK

61. What is (was) his or her occupation? ________________
( )997 Ref ( ) 998 NA ( ) 999 DK

62. What is the highest grade or level of education he or she completed?
____________ ---> GO TO Q64
( ) 97 Ref ( ) 98 NA ( ) 99 DK ---> GO TO Q64

64. What is your current employment status?
( ) 1 Work full-time ( ) 2 Work part-time ( ) 3 Unemployed
( ) 4 Homemaker ( ) 5 Student ( ) 6 Retired
( ) 7 Ref ( ) 8 NA ( ) 9 DK

65. What is (was) your occupation? ________________
( )997 Ref ( ) 998 NA ( ) 999 DK

67. What is the highest grade or level of education you completed?
______________ ( ) 97 Ref ( ) 99 DK

68. What is your age? _____ ( ) 97 Ref ( ) 99 DK

69. Which of the following groups best represents the members of your household?
( ) 1 White/Caucasian ( ) 2 Black ( ) 3 Hispanic ( ) 4 Am Ind
( ) 5 Asian/Oriental ( ) 6 Other ( ) 7 Refused ( ) 9 DK

70. Finally, would you tell me which of the following categories best fits your annual household income--from all sources?
( )01 Under $5,000 ( )06 $30-39,999
( )02 $5-9,999 ( )07 $40-49,999
( )03 $10-14,999 ( )08 $50,000-74,999
( )04 $15-19,999 ( )09 $75,000-99,999
( )05 $20-29,999 ( )10 $100,000 and over
( )97 Ref ( )98 NA ( )99 DK

71. For interviewer: Code Sex ( ) 1 Male ( ) 2 Female

VITA

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Van Name began her career in 1968 at the University of Delaware where she is currently an Associate Professor. She became the first Chairperson of the Department of Textiles, Design and Consumer Economics in 1978. She attended the 1979 Summer Institute for Women in Higher Education Administration at Bryn Mawr College, Bryn Mawr, Pennsylvania.

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