B-1064

April 1967

Financial Management Practices Related to Present Financial Status

TEXAS A&M UNIVERSITY

Texas Agricultural Experiment Station

R. E. Patterson, Director College Station, Texas

Summary

American society today is more affluent than ever before. However, not all American families have the same financial status nor the same family financial practices. In order to determine the relationship between these differences, 500 Texas families were selected and interviewed randomly: 250 from the East Texas counties of Camp, Harrison, Houston and Upshur; and 250 from the Blackland counties of Limestone, Navarro and Grayson.

Interview questions were designed to furnish data on three main items: the socio-economic characteristics of the family, decision-making or discretionary management practices and the present economic status of the family. The family's present degree of satisfaction with its financial status and management practices was also elicited.

Family income and total family assets were used as independent variables. The asset groups were under $5,000; $5,000-$13,999; $14,000-$26,999; and $27,000 and over. The families with low assets were usually the younger families. As the age of the male head increased, the value of the assets also increased. It can be assumed that families were making an effort to improve their financial situation.

Analysis showed that the geographical area was not related significantly to either of the independent

variables. However, social characteristics such as length of marriage, age of the male head, education and stage in the family life cycle were related significantly to family income and net assets. The number of family members and home ownership were related significantly to net assets, but not to family income. A significant relationship also existed between present assets and the condition of house and grounds.

Some family financial practices were related to both asset valuations and family income, while others were related to one of the two variables. Record keeping was more prevalent among high-asset families than among low-asset families, but keeping itemized receipts was related to income rather than to assets. Even though many of the homemakers did keep records of some type, they were often indefinite or vague about their reasons. There was little evidence of an understanding of record keeping as a tool in money management. There was also little indication that any of the families participated in a family-planned budget.

Examination of the families' plans for the future revealed that only some of the high-asset families were familiar with depreciation accounts. Few had these accounts in their plans. Planned purchases of large appliances were related to income rather than to assets. Questions concerning future plans disclosed that most of the families had no definite plans for emergency expenses.

The direct relationship of asset valuation to plans for retirement was evident. While 94 percent of the total families expected to have income from social security in older age, many of the high-asset families were participating in other plans, such as insurance programs, investments and savings. Pension plans for retirement were directly related to family income.

Economic practices such as insurance, credit, savings and investments can be used as tools of management to achieve the family financial goals. Most of the families queried had straight life policies, burial policies and/or health and accident or hospitalization policies. The high-asset groups had a greater variety of insurance programs than did the low-asset groups.

Credit practices were indirectly related to total assets. Debts were twice as common among the low-asset families as they were among the high-asset groups. Families with low assets tended to use credit for durable goods while high-asset families incurred debts for such items as large home improvements or college educations.

This difference in the type of debts of the different asset groups reflects the age difference in the families and emphasizes the accumulation of assets as the family grows older. It suggests that the use of credit could have been an important factor in the acquisition of the assets now held. High-asset families were more apt to participate in savings or investment programs. At least 51 percent or more of the low-asset groups did not have such programs.

It seemed probable that, to a certain degree, asset valuation would directly influence the amount spent on living costs. However, this was true in only 8 of the 11 living costs. Notable exceptions include food, medical expenses and tobacco which were not related significantly to net worth. Annual living costs were related directly to family income.

The majority of the homemakers were *satisfied* with their present financial situation, even when their management practices were not adequate by home management standards. Of the 12 financial factors considered, savings was the only one which resulted in more *worried* or *uneasy* than *satisfied* responses. The credit rating factor had the highest percentage of satisfied responses, which might indicate a false financial security for the 48 low-asset families who had indebtedness of over $2,500. Thirteen financial factors were related significantly to family income only, while 15 were related significantly to net assets only.

While most of the homemakers were satisfied with their present method of handling family finances, it is evident that many lack a thorough understanding of management as a tool for extending their available finances. Adult education directed toward the family is needed. Emphasis on how management can increase a family's financial attainment would probably result in a better understanding of management as a tool to be used in the handling of finances.

Contents

Financial Management Practices Related to Present Financial Status

Alice C. Stubbs
Acting Head and Associate Professor
Department of Home Economics

IN THE FALL OF 1961, a study was begun in Central and Northeast Texas to determine the relationship between family economic practices and the present financial status of the family. Previously, studies had been made in the North Central states to determine factors that are related to family financial security (5). It was demonstrated that financial security cannot be defined as a single entity. For this reason, the approach made in this study was to determine the present financial status of the families and how they achieved this status. It was assumed that their relative financial security could be determined in this manner.

In all types of programs, an understanding of the level of financial attainment of families and what they are doing to raise their particular level would be useful. The importance of this may be illustrated by the work of the Texas Agricultural Extension Service programs aimed at improved rural conditions through a better informed people and by the work now developing in the various phases of the poverty program.

The family is an essential unit of our economic and social pattern and thus helps to determine the direction of our economy. This means that a high percentage of regular, ordinary purchases involve the family unit. These include food, home furnishings and appliances, clothing and shelter. It is accepted generally that residents in some areas of our nation have greater financial means than those of other areas. This is also true of Texas. Lack of industrial development and failure to utilize effectively natural resources are partially responsible for this condition. Lack of planning for specific goals and poor financial management practices may be responsible for inadequate provision for financial contingencies related to health, education, climatic and economic disasters.

CHARACTERISTICS OF THE SAMPLE

Two areas of the state were selected for the study for their similarities and their differences. Both areas had been farmed intensively and were characterized by small family-type farms. The economic picture is changing in both areas. Both are becoming highly industralized. Farming is becoming more commercialized or large scale. The two areas differed in that residents in the Blackland area were accepted as having a higher economic level than those in the East Texas sandy soils area. The question in this study was, "Do families in the Blacklands have better family money management practices than those in East Texas?"

Blacklands

The Blackland Prairies of Texas range in size from a few acres to the large north-south belt which is approximately 300 miles long and up to 75 miles wide. Blackland soils are found in 70 or more Texas counties, but it is generally accepted that the Blackland type of farming area comprises all or part of 25 counties (1), Figure 1. This report is concerned with only three Blackland counties: Grayson, Limestone and Navarro. Census data for the three counties showed that farm income was of importance to a higher percentage of the families in Limestone County than to those in either Navarro or Grayson counties. According to the *1961 Texas Almanac,* Grayson County had over $40 million in manufacturing value with over $45 million in wages, while Limestone had only $2¼ million in manufacturing value and $5½ million in wages. There were two-thirds more farms in Grayson County than in Limestone, but farm income was only a little more than half again as large. On the other hand, farm income was much more important in Navarro County than in either of the other two counties. There were only

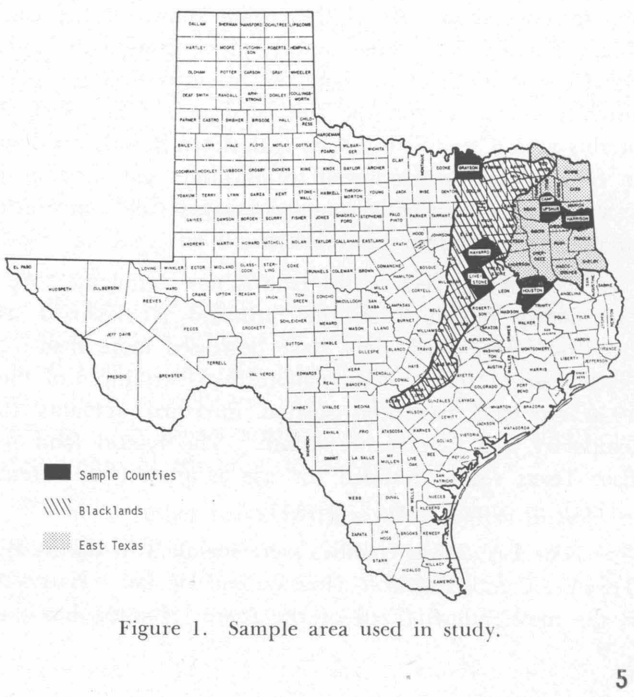

Figure 1. Sample area used in study.

500 more farms in Navarro County than in Limestone County, but the farm income was one and one-half times as large.

Manufacturing value was about five times as large for Navarro as for Limestone County and income from wages was two and a half times as much. With this diversity, the three counties were representatives of the present economic situation in the Blacklands. Some counties are already highly industrialized and urbanized. Some have a good percentage of industrialization but are also still important farming centers. Still others are primarily farming centers and almost entirely rural in population. The industrial counties have a much higher total population and are growing. The rural counties have a sparse population and are losing residents. Limestone has a population of about 19,000; Navarro, 34,000; and Grayson, over 74,000.

Since the early 1930's, the number of farms in the Texas Blackland area has decreased steadily. At the same time, the average size of farm has continued to increase. This trend became even more pronounced during the 1950-59 period.

Several of the Blackland counties are composed predominately of Blackland soil. Most of them also have portions of shallow stony soils characteristic of the Grand Prairie on the west and light sandy soils typical of the adjoining areas on the east. On the true Blacklands, there are soil differences which also affect the land use. However, cotton, the main cash crop, is the principal user of cropland (2, p. 42). In this study, only those families living in the part of the county that was entirely Blackland were interviewed.

East Texas

The East Texas farming area comprises 24 counties and includes about half of the region known as the East Texas Timberlands. Pine timber interspersed with hardwood covers much of the land not in cultivation and persistently encroaches on the cultivated area. The surface of this area is undulating. Its typical sandy soils are low in fertility, but respond well to fertilizers. It developed as a small farm area with irregularly-shaped fields on which small simple machines were used.

Sixty-five percent of the land is now farmland. Approximately one-third of the farmland is classified as cropland. Harvested crops have decreased more than 72 percent since 1930. Slightly more than two-thirds of the 1930 cropland has been shifted in equal amounts to temporary and permanent pasture. The typical land in East Texas seems destined for use as pasture or forest, or both in some cases (2, p. 44).

Four East Texas counties were included in the study. They are Camp, Harrison, Houston and Upshur. Harrison is the most industrialized of the four. Houston has the largest total area of any of the seven counties in the study, but large portions of this county are in National Forest Preserve. The total population in Houston County is approximately the same as the total population in Limestone County.

There are about 200 more farms and the income per farm is slightly less than in Limestone County. Harrison has a higher total manufacturing value than Grayson County, but a smaller wage income. The total population in Harrison is about three-fifths the total population in Grayson County. Therefore, the wage per person employed is larger for Harrison than for Grayson County. Harrison has a few more than half as many farms as Grayson County, but only about one-third as much farm income. Bank deposits are three times as large in Grayson County as in Harrison County. These data show some of the differences in the total economic picture of an industrialized rural county in the Blacklands and an industrialized rural county in East Texas.

The other three East Texas counties of Camp, Houston and Upshur are predominantly rural. Farming in these counties is changing to livestock, poultry and dairying. The farms are becoming larger and the small diversified family farm is fading from the picture. The Secretary of Agriculture in a report to the President in 1955 included the 24-county area of Northeast Texas as one of the serious economic problem areas in the United States. Average gross cash income from farm production is $1,564. This was less than one-third of either the national average of $5,137 or the Texas average of $5,605 (6).

OBJECTIVES

Based on the preceding observations, it was assumed that economic practices and socio-economic factors should have a relationship to the level of financial attainment of the family. The probable importance of goals and attitudes in achieving a given level of financial attainment was recognized. Therefore, a study of objective factors might provide a basis on which subjective factors later could be investigated more adequately. The objectives of this study were as follows:

1. To analyze the relationship between certain economic practices and the level of financial attainment.

2. To analyze the relationship between selected socio-economic factors and the level of family financial attainment.

PROCEDURE

Personal interviews were used in the collection of data. Six local homemakers were selected as interviewers for their training, experience and aptitude. They received a week of specialized training at Texas A&M University before beginning work in their respective counties. Interviews were held with 500 homemakers, 250 in each of the two major sample areas. Details of the sampling and methodology are given in Appendix A.

The schedule for the collection of data had three main categories. They were social characteristics of the family, decision-making or discretionary management practices of the family and present economic status. The latter included living costs, present indebtedness and present insurance programs. Although an attitudinal study had been eliminiated as such, two questions related to attitude were included in the schedule. These were concerned with present degree of satisfaction with the family's financial status and management practices.

ANALYSIS

Statistically, an analysis of variance, chi-square and percentage relationships were used in the analysis of data. Net assets have been used as the constant in determining variabilities for this report. Most data were gathered on a recall basis from the homemaker. (In some instances, she referred to records such as insurance policies and gave more accurate information.) No one referred to a systemized ledger or record book for all information needing exact answers. Therefore, net values are only the closest possible estimation of the true net asset. However, a pilot study and careful checking of the data have indicated that the final evaluations are reasonably accurate.

Family Assets

Four net asset classifications were set up as follows: under \$5,000; \$5,000-\$13,999; \$14,000-\$26,999; and \$27,000 and over. Present resale value of all assets was used in determining net assets and outstanding debts were subtracted. Family assets were categorized as liquid assets or securities; real estate such as farmland or mineral leases; capital goods such as automobiles or farm equipment; consumer goods or home appliances; and special purpose items such as luxury and recreational goods.

Present net value for each item was calculated with a constant depreciation factor in order to determine total net assets. Total family assets, therefore, included the home and any furnishings with a resale value, as well as cash values of insurance policies and paper securities. It was found that many families' total assets had a low investment value. The study also included any family asset which could be converted into a negotiable holding in an emergency.

Primary assets for low-asset families were savings, house and automobile. However, it should be noted that families with low assets were usually the younger families and that, as the age of the male head increased, the value of assets also increased. It can be assumed that families were thus making an effort to improve their financial situation.

Primary assets for the highest asset families included real estate such as farm or timberland, and capital goods such as livestock, tractors, farm machinery, trucks and automobiles. Thirty-two percent or more of these families had savings accounts, government bonds and investments in various companies, Table 1. Seventy-six percent had equity in a house, 16 percent had rental property and 19 percent had other land and oil leases. A higher percentage of these families had a greater number of home appliances and recreational or luxury items related to the home and family living than did low-asset families. It is notable that for each of the three lower net asset categories, the percentage of families having investments, bonds or stocks in companies ranged from 5 to 11 percent; whereas 46 percent of the families in the highest asset groups had assets in this category. A similar distribution was observed in the families who had investment assets such as government bonds or rental property.

Characteristics of the Families

Various family characteristics were examined in this study, including the number of persons in the household, education, stage of family life cycle and occupation, Table 2.

There appeared to be a relationship between the number of persons in the household and the amount of assets; 62 percent of the respondents having assets of \$27,000 or more were in two or three-person households, whereas 68 percent of those having assets under \$5,000 were in households of four or more persons. Only 3 percent of the high-asset families had six or more persons, while this was true for 12 percent of the low-asset group.

It should be noted that only those households which contained both husband and wife were included in this study. Thus, the two-person households had husband and wife only.

Differences were noted in the stage of the family life cycle. High-asset families were most often in the high school, college or recovery stage, while low-asset families were in the pre-school or elementary stage.

Questions concerning the education of the head of the household revealed that in 32 percent of the lowest asset families, the household head had an eighth grade education or less. This was true for only 18 percent of the highest asset group. Nine percent of the highest and 5 percent of the lowest asset groups had college educations. In all asset groups, the largest percentage of male heads were high school graduates, ranging from 35 to 44 percent. Chi-square analysis did not show a significant relationship of education to present assets.

On the other hand, analysis did reveal occupation to be significantly related to present assets. This was especially true for farming in that 62 percent of the highest asset families had male heads who were farmers.

TABLE 1. TYPES OF ASSESTS RELATED TO NET ASSESTS FOR 500 RURAL FAMILIES IN TEXAS

Net assets	Total families	Savings		Government bonds		Ownership in companies[1]		Investment insurance	
		Types of Assets — Liquid and paper assets							
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	66	38	19	11	8	5	10	6
$5,000-$13,999	167	91	54	28	17	13	8	11	7
$14,000-$26,999	91	48	53	16	18	19	11	13	14
$27,000 & over	68	35	51	22	32	31	46	7	10
Total	500	240	48	85	17	71	14	41	8

Net assets	Total families	Farm land and timber		House		Rental property		Other land & oil leases	
		Real estate							
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	26	15	61	35	3	2	3	2
$5,000-$13,999	167	93	56	124	74	2	1	8	5
$14,000-$26,999	91	67	74	75	82	6	7	9	10
$27,000 & over	68	61	91	52	76	11	16	13	19
Total	500	247	49	312	62	22	4	33	7

Net assets	Total families	Livestock		Auto		Truck		Tractor		Other	
		Capital goods									
	No.	No.	%	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	58	33	157	90	28	16	14	8	17	10
$5,000-$13,999	167	100	60	153	92	63	38	46	28	33	20
$14,000-$26,999	91	61	67	78	86	58	64	46	51	26	29
$27,000 & over	68	54	79	66	97	50	74	50	74	42	62
Total	500	273	55	454	91	199	40	156	31	118	24

Net assets	Total families	Range		Refrigerator		Freezer		Vacuum cleaner	
		Consumer goods — Home appliances							
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	164	94	167	96	40	23	59	34
$5,000-$13,999	167	162	97	168	100	72	43	100	60
$14,000-$26,999	91	87	96	89	98	52	57	68	75
$27,000 & over	68	67	99	68	100	39	57	56	82
Total	500	480	96	492	98	203	41	283	57

Net assets	Total families	Dishwasher		Clothes washer		Clothes dryer		Sewing machine		Air conditioner	
		Home appliances									
	No.	No.	%	No.	%	No.	%	No.	%	No.	%
Under $.5,000	174	1	0.6	137	79	9	5	126	72	1	0.6
$5,000-$13,999	167	4	1	140	84	13	8	139	83	7	4
$14,000-$26,999	91	2	2	76	84	8	9	84	92	2	2
$27,000 & over	68	5	7	53	78	6	9	56	82	1	1
Total	500	12	2	406	81	36	7	405	81	11	2

Net assets	Total families	Television		Stereo		Sports equipment		Garden equipment		Cameras	
		Special purpose items									
	No.	No.	%	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	153	88	25	5	64	37	53	30	53	30
$5,000-$13,999	167	163	98	15	9	74	44	70	42	45	27
$14,000-$26,999	91	89	98	11	12	41	45	43	47	27	30
$27,000 & over	68	72	106	13	19	38	56	36	53	21	31
Total	500	477	95	64	13	217	43	202	40	146	29

[1]Investments, stocks and bonds.

TABLE 2. NET ASSETS RELATED TO CHARACTERISTICS OF THE FAMILY

Net assets	Total families	Number in the family									
		2		3		4		5		6 or more	
	No.	No.	%	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	18	10	38	22	63	36	35	20	20	12
$5,000-$13,999	167	38	23	30	18	47	28	34	20	18	11
$14,000-$26,999	91	36	40	16	17	21	23	11	12	7	8
$27,000 & over	68	26	38	16	23	14	21	10	15	2	3
Total	500	118	24	100	20	145	29	90	18	47	9

Net assets	Total families	Stage in family life cycle											
		Preschool		Elementary		High school		College		Recovery		All stages, without children	
	No.	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	60	34	57	33	27	16	11	6	9	5	10	6
$5,000-$13,999	167	20	12	43	26	45	27	16	9	23	14	20	12
$14,000-$26,999	91	6	7	32	35	11	12	6	7	23	25	13	14
$27,000 & over	68	4	6	14	21	14	21	12	17	14	21	10	14
Total	500	90	18	146	29	97	19	45	9	69	14	53	11

Net assets	Total families	Education of head of household									
		8th grade or less		Some high school		High school graduate		College		No answer	
	No.	No.	%	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	55	32	36	21	74	42	8	5	1	[1]
$5,000-$13,999	167	38	23	47	28	71	42	11	7	0	0
$14,000-$26,999	91	24	26	29	32	32	35	4	5	2	2
$27,000 & over	68	12	18	20	29	30	44	6	9	0	0
Total	500	129	26	132	26	207	41	29	6	3	1

Net assets	Total families	Occupation of head of household													
		Professional		Clerical & sales		Skilled		Non-skilled		Farmer		Operator		Unemployed	
	No.	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	28	16	23	13	65	37	17	10	18	10	17	10	6	4
$5,000-$13,999	167	28	17	27	16	48	29	11	7	32	19	17	10	4	2
$14,000-$26,999	91	14	16	11	12	31	34	3	3	23	25	9	10	0	0
$27,000 & over	68	8	12	3	4	12	18	1	1	42	62	2	3	0	0
Total	500	78	16	64	13	156	31	32	6	115	23	45	9	10	2

[1]Less than 1 percent.

Condition of House and Grounds

It was hypothesized that the condition of the house and grounds would be directly related to present assets. The study supported this hypothesis. Interviewers rated the house and grounds, out of the view of the respondent, according to a scale of excellent, good, fair, poor or very poor, Table 3.

Seventy-five percent of the families in the highest asset group had houses and grounds rated in good or excellent condition. Only 29 percent of the lowest asset families were given these ratings. Therefore, it appeared that as assets increased, the percentage of families with higher rated houses and grounds also increased. This relationship proved to be significant with $p < 1$ percent.

TABLE 3. NET ASSETS RELATED TO CONDITION OF HOUSE AND GROUNDS

Net assets	Total families		Condition of house and grounds									
			Excellent		Good		Fair		Poor		Very poor	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	35	15	8	36	21	24	14	59	34	40	23
$5,000-$13,999	167	33	19	12	54	32	27	16	49	29	18	11
$14,000-$26,999	90	18	18	20	32	36	11	12	25	28	4	4
$27,000 & over	68	14	23	34	28	41	4	6	11	16	2	3
Total	499	100	75	15	150	30	66	13	144	29	64	13

Management Practices

"The family, which can state its goals in objective terms and which understands the nature of the resources it controls, as well as the principles that affect their use, is well on the way toward achieving the goals it seeks" (3). Thus, record keeping was used as one measure of family financial management. Methods of keeping records ranged from formal report books, ledgers and single item company payment books on outstanding indebtedness to no records of any type. Only 20 families did not keep records of any type, and 10 of these were in the lowest asset class.

As asset valuations increased, the percentage of families keeping formal record books or ledgers increased. Ninety-four percent of the families with assets of $27,000 or more kept cancelled checks and 68 percent of this group kept itemized receipts, Table 4. In the lowest asset group, 76 percent of the families kept itemized receipts. The fact that families in the highest asset group paid cash more often, rather than buying on the installment plan as did families with lower assets, might account for a lower percentage of these higher asset families keeping itemized receipts. Types of records kept most often by families in all asset levels were cancelled checks and itemized receipts.

The reason given for keeping records was more important to the homemakers than the fact of keeping records in understanding financial management practices. Most homemakers were indefinite or vague in their answers to this question. The reasons given most often did not indicate an understanding of record keeping as a "tool" in money management.

Instead, it was a necessary task in order to make income tax reports or as proof of a previous payment made on a given indebtedness, Table 5. As assets increased, a higher percentage of the families kept records for income tax purposes. Families with lower asset valuations gave proof of payment more often than any other reason. Twenty percent of all the homemakers reported that they kept records for personal use. Most of them were reluctant to explain what they meant by "personal," or found it difficult to express themselves in terms that were more specific.

Distribution of Family Income

Various methods can be used in handling family finances. Some families may have thought seriously about their goals and income resources and know exactly what they expect to accomplish and how they expect to do it. Others have little method for handling their finances; their future is hazy and the present tenuous. Of the various methods used by families, five major ones are identified: 1) the hand-out method, 2) the allowance or appointment method, 3) the 50-50 system, 4) the equal salary method, and 5) the family finance or family budget plan (4, p. 276). The family budget plan is the most exact of these five methods. The dole or hand-out system has the least control over family spending and helps less in the attainment of goals.

Few families in this study followed a systemized, planned family finance system. Forty percent reported that they had no plan or used a method that could only be designated as the dole system, Appendix Table 1. Only 9 percent reported family planning of expenditures and 1 percent said that they used a budget. There was little indication that any of the families participated in a family planned budget. In 10 percent of the families, the husband handled the money, and in 17 percent, the wife handled it. In 19 percent the husband and the wife together were responsible for spending the family income.

TABLE 4. TYPES OF RECORDS KEPT BY 500 RURAL FAMILIES BY NET ASSETS IN 1961

Net assets	Total families	Records kept: Record or notebook		Cancelled checks		Itemized receipts		Company payment books & other	
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	22	13	118	68	133	76	44	25
$5,000-$13,999	167	36	22	146	87	141	84	28	17
$14,000-$26,999	91	25	28	79	87	71	78	16	18
$27,000 & over	68	25	37	64	94	46	68	8	12

TABLE 5. REASONS GIVEN BY 500 RURAL FAMILIES FOR KEEPING RECORDS BY NET ASSETS IN 1961

Net assets	Total families	Reasons for keeping records: Income tax		Easiest way		Proof of payment		Keep track of bills paid		Personal use	
	No.	No.	%	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	60	34	29	17	69	40	36	21	29	17
$5,000-$13,999	167	87	52	40	24	66	40	30	18	32	19
$14,000-$26,999	91	49	54	16	18	32	35	14	15	16	18
$27,000 & over	68	45	66	12	18	26	38	10	15	25	37

Allowances may be used as part of the family budgeting system, or they may be the only planned control of family spending. Allowances were not an important tool of management for the majority of the families interviewed. Twenty-one percent provided money for children through an allowance, but 28 percent just gave the children "what they needed." Fifteen percent provided operating expenses for the home through an allowance. Families with the highest asset valuations used these tools of management less often than families with lower assets. Sixty percent of these families reported no plans for money management. The majority of those in this asset group who had children either gave their children the money needed or the children worked outside the home for their spending money.

Plans for the Future

Even though many families may not have systemized plans for bookkeeping and managing family finances, they may have some definite plans for the future which will, in some measure, serve as a check on family spending and help in achieving goals, Appendix Table 2.

Large home appliances represent some of the largest expenditures made by the family. An effort was made to determine how or what the family thought about these expenditures and whether they planned for them. In planning for such expenditures, the family may keep a depreciation account on present home furnishings and equipment in order to replace various pieces at given intervals, and/or they may make specific plans and save for the addition of new pieces.

The majority of homemakers in this study were not familiar with depreciation accounts. As family net worth increased, the percentage who were familiar with such accounts also increased. Thirty-one percent of the homemakers in the highest asset group were familiar with depreciation accounts. However, only 10 percent of these same homemakers had such a depreciation account.

In the total sample, 23 percent of the homemakers had plans for purchasing some large appliance within the next 2 or 3 years. As net assets increased, the percentage of families with these plans increased from 22 percent to 28 percent. However, the majority of families had no expectations of making such purchases within this time period.

Families were also questioned about their future plans for making economic preparations to meet a family crisis or economic emergency. Two categories were used: family crisis and economic emergency. A family crisis was described as a breakdown in home equipment, roof repair or a similar economic crisis. An economic emergency was described as a trip to be with someone who is ill or a special necessity in which a family member might require food, clothing, travel funds or similar expenses. In each case, an effort was made to suggest possible unforeseen or unplanned expenses that could not be covered by insurance or similar funds.

The majority of families had no plans for such expenses. Families with high assets would use cash from income or savings, whereas low-asset families usually would borrow. A few of the low-asset families would have cash or savings to use for these purposes, but from 11 to 12 percent of this group would do without. Most important in the replies to these questions was the evidence of no real family planning for an economic emergency which was not covered by some form of insurance.

A third factor of importance in the family's financial management for the future was their plans for retirement, Appendix Table 3. In a previous report taken from this study, it was stated that, "The best way for individuals and others to insure this (maintaining individuality in older age) is to recognize what the handicaps of older age are and then plan ways and means of adjusting to them" (7).

Families in this study were questioned as to whether they had any of the following financial plans for older age: insurance programs, pension plans, investments, savings, social security or other, such as expected inheritances. Most families participated in the Social Security program. Ninety-four percent of the total families expected to have this means of income for older age. The percentage of families expecting to have social security income for older age increased from the two lower asset groups to the two higher asset groups.

The majority of families with assets under $14,000 had little participation in any of the other possible provisions for older age. For example in the two lowest asset groups, 94 percent had no insurance programs, 75 percent had no pension plans, 78 percent had no investments, and 68 percent had no savings. The two highest asset groups had increased their holdings in all of these areas except pension plans. The number participating in pension plans probably did not increase due to the higher percentage of farm families in these higher asset groups.

Economic Practices

Economic practices of the family are tools of management and are the means of achieving the family financial goals. However, many families use these tools poorly. Reference is made to the use of insurance programs, credit, savings and investments in the management of family income. Each of these can help raise the level of family financial attainment when wisely used. However, the first two may become financial liabilities and the last two be economically unproductive if used without a clear understanding of the advantages and disadvantages associated with their use.

Insurance Programs

Insurance programs available to the family are separated into three groups: personal or life insurance policies, health and accident policies and property insurance. Various types of life insurance policies include term, straight life, limited pay life, annuity, educational, investment and burial policies.

Straight life policies on the male head and burial policies on the family group were held more often by the families interviewed than any of the other types of life insurance, Appendix Table 4. Families with the lowest asset valuations often had no insurance. As total asset valuations increased, the percentage of families holding various types of life insurance on the male head increased. Families with lower assets held burial and term insurance more frequently while families with higher assets held annuity and limited pay life insurance more often.

The total number of health and accident or hospitalization insurance policies held by the families was greater than total number of life insurance policies, Appendix Tables 4 and 5. However, for some families the only health or accident policy was workmen's compensation. This was especially true of families with low-asset valuations. Families with the highest asset valuations were most often farm families and self-employed. Therefore, workmen's compensation and company accident policies were not available to many of them. Since these families were more likely to be responsible for an accident to someone else, some of them held personal liability insurance policies. The percentage (16 percent), however, was small, Appendix Table 5. This meant that 84 percent of the families with assets of $27,000 or more were carrying, without the help of insurance security, the responsibility for accidents on their property. Only seven families with asset valuations between $5,000 and $26,999 held personal liability insurance.

Two-thirds of all the families interviewed had some type of hospitalization insurance on all family members. However, only 14 families in the sample, or 3 percent, had insurance that was characterized as a dread disease policy. Therefore, health protection for the majority of the families was related more often to accident or the more common and less serious diseases. Heads of families were often covered when other family members were not eligible, such as in workmen's compensation. Some of the families had no health protection for any family member.

Families with assets of $27,000 or more, held on the average, two and one-fourth insurance policies on various types of property, Appendix Table 6. As the value of assets decreased, the number of policies per family decreased to one and one-third policies per family for families with assets under $5,000. The automobile, house and household goods were the only properties covered by insurance in most of the low-asset families. On the other hand, some families with higher assets had businesses and equipment, livestock, crops and farm buildings and equipment covered by property insurance. Of the 115 farm families in the sample, however, only five had crop insurance and nine held livestock insurance policies. Also, 25 families in the highest asset groups held policies which covered farm buildings, the house and household goods in one policy. Therefore, although there were some families who used insurance to protect these investments, the majority did not. Thus, the principal difference between the lowest asset families and the highest asset families was that a higher percentage of the latter had insurance coverage on the automobile, the house and household goods.

Credit Practices

During the past 20 years, credit has become increasingly important in the management of family finances. As incomes have risen, total employment has remained high. Number and kind of consumer goods have increased, and credit has become a common media in the market. Use of credit has made it possible for many families to raise their level of living more quickly than if cash payments had been required. An opposite effect has resulted in that many families pay a high price for the use of credit because they do not understand the charges made for its use. The question here was, "What part does available credit have in the attainment of the present financial status of these families?"

Seventy-one percent of the highest asset families interviewed had no debts. This was almost three times the percentage (26 percent) of lowest asset families with no debts, Table 6. Of the highest asset families with debts,

TABLE 6. NET ASSETS BY AMOUNT OF DEBT FOR 500 RURAL FAMILIES IN TEXAS

Net assets	Total families	Amount of debt: No debts		Under $400		$400-$2,499		$2,500 & over	
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	46	26	36	21	46	26	46	26
$5,000-$13,999	167	51	30	37	22	44	26	35	21
$14,000-$26,999	91	49	54	14	15	19	21	9	10
$27,000 & over	68	48	71	5	7	6	9	9	13
Total	500	194	39	92	18	115	23	99	20

45 percent owed $2,500 or more; whereas of the lowest asset families with indebtedness, the larger percentage (64 percent) owed less than $2,500. Families with low assets had debts for durable goods more often than families with high assets. The high-asset families more often had debts for large home improvement and college or special education. The low-asset families were usually the younger families and more of these families had incurred childbirth expenses during the year for which data were gathered.

This difference in the type of debts and the amount of assets reflects the age difference in the families. It emphasizes the accumulation of assets as the family grows older and suggests that the use of credit during early years of the family formation could have been an important factor in the assets now held. This observation is not necessarily proven by the data since the families were not asked which assets now clear of debt had been bought using credit. However, chi-square analysis of these two variables indicates a significant relationship.

Living Costs

Certain expenditures must be made in order to meet daily living expenses. Family financial management is the process of deciding the amount to be spent on these expenses. However, other factors are also important, such as number in the family, age of individual family members and stage in the family life cycle.

Families in this study were asked to recall the amount spent in 17 different categories of family living expenses, Appendix Table 7. Recall was based on the amount spent per week or month, depending on the item. Monthly expenditures were then used to calculate the total annual sum spent on each item. Chi-square analysis showed some of these items, such as clothing, to have a highly significant relationship to present net worth while others, such as food or medical expenses, did not have a significant relationship.

Food

Proper food management is necessary to ensure physical growth, social and psychological development and well-being with a reasonable expenditure of the available resources of the family (4, p. 527). Responses to questions on food expenditures were tabulated in categories of $600 or less; $601-$900; $901-$1,200; and $1,201 or more annually.

Net asset valuation appeared to have little relationship to the amount spent on food. Thirty-three percent of all families spent between $901 and $1,200, with 37 percent and 26 percent of the lowest and highest asset groups, respectively, spending this amount. Forty-one percent of the highest asset group and 37 percent of the lowest asset group spent less than $901.

Clothing and Shelter

Of the three basic living costs, clothing and shelter were each significantly related to present net assets. In the chi-square analysis, clothing and shelter showed a $p < 1$ percent. Family expenditures for clothing were low with the majority of all families spending less than $300 annually. However, 63 percent of the families in the lowest asset groups spent less than $300, while only 41 percent of the highest asset group spent this amount. Twenty-nine percent of the latter spent more than $475 annually.

Concerning shelter, 79 percent of all families had no expense for the houses in which they lived. This percentage included 58 percent of the lowest asset families and 96 percent of the highest asset families. Most of the families with housing expense spent less than $481.

Clothing and personal care expenses were related significantly high to net assets with $p < 1$ percent[1]. Shelter and associated costs for utilities and services were also related significantly to net assets. However, home furnishings expenditures, which may be associated with shelter costs, were not significantly related to net assets.

Medical Expenses

Fifty-seven families, or 11 percent of the sample, had medical expenses of $400 or more, but the majority of the families were in the two categories of $50 or less and $51-$100. However, in each asset group the largest single percentage had medical expenses between $101 to $399.

It is also notable that in the highest asset group, 20 percent of the families had medical expenses of $400 or more, while in each of the other asset groups the percentage of families having this expenditure for medical expenses was 12 percent or less. Nevertheless, in the chi-square analysis, medical expenses were not related significantly to present net assets.

Transportation

The cost of transportation, which includes the cost of an automobile and its operation, is an important item in the family budget. Thirty-nine percent of the families spent between $180 and $300, and 31 percent spent more than $300 for this living cost. There was little difference among the asset groups except in the less than $100 category; a higher percentage of the lowest asset group spent this amount.

The mean income for all the families was $4,568. If $240 is taken as the mean expenditure for transportation, it would indicate that the families spent 5 percent of their incomes on transportation. Analysis of the data showed these expenditures to be related significantly high to net assets, $p < 1$ percent.

[1]This expression will be used to show a statistical significance at the level indicated.

Contributions and Gifts

Contributions to church and benevolent organizations and gifts to family and friends were each related significantly at the 1 percent level to present net assets. Fourteen percent of the total sample, including 6 percent of the low-asset families and 38 percent of the high-asset families, gave gifts amounting to $201 or more. Contributions in this amount were made by 24 percent of the total sample, including 16 percent of the low-asset families and 43 percent of the high-asset families.

Education, Recreation, Alcohol, Tobacco and Other

Of the remaining family living cost items, all were significantly related at the 1 percent level to net assets except educational costs of tuition and books and tobacco. The former was significant at the 5 percent level and the latter was not significant at all. Sixty-nine percent of the total families had no expenditures for books and tuition. Those having this expenditure included 24 percent of the families in the lowest asset group and 41 percent of the families in the highest asset group.

Costs for books and tuition ranged to $301 and over, but the majority of families with this cost spent under $100. Other educational expenses included costs for newspapers, magazines and related materials. Categories for these costs were $15 and under; $16-$40; and $41 or more. The highest percentage of families in each asset group was found in the second category with the exception of the highest asset group, which had a higher percentage in the last category.

The most common expenditure for recreation was between $20 and $100. While the percentage of families in each category of recreational expenses was divided about equally for the highest asset group, the majority (60 percent) of the families in the lowest asset group spent none or under $20. Categories used were none, under $20, $20-$100 and $101 and over.

Only 8 percent of the total families reported using alcoholic beverages. This included 9 percent of the lowest asset group and 19 percent of the highest asset group.

In contrast, 71 percent of the families reported using tobacco. The percentage of families having the highest expenditures tabulated, $101 and over, was almost the same for the lowest asset group as for the highest asset group, 44 percent and 46 percent, respectively. On the other hand, 26 percent of the lowest asset group and 32 percent of the highest asset group had no expenditures for tobacco.

Of the families studied, 44 percent had living costs not itemized in the above listing of family living expenditures. These costs were significantly related to present net assets at the 1 percent level. Forty-two percent of the lowest asset families and 47 percent of the highest asset families had these expenditures.

Attitudes

This study was based on the hypothesis that family financial management practices, defined as the management of daily living expenditures and the preparation for emergency and retirement expenses, are extremely important in the accumulation of assets and, thus, the existing financial status of the family. Much of the data indicated that many of the homemakers were not knowledgeable about financial management tools and their present net assets were low. However, it was also considered essential to discover how the respondents felt about their financial situation. Consequently, two sets of questions were asked.

In one set, the respondent was asked how she felt about her family's ability to meet current living costs and emergency expenses. The second set of questions was a check list of attitudes toward 12 finance-related factors, such as family planning of expenditures, family income and husband's occupation. A five-point rating scale was used on the first set of questions and a three-point scale on the second. On the five-point scale, the respondent could check *very satisfied, satisfied, a little uneasy, uneasy* and *worried.* The three-point scale was reduced to *satisfied, uneasy* and *worried.*

Responses to both sets of questions showed the majority of homemakers to be satisfied with their present situation. It is notable, however, that as assets increased, the *satisfied* percentage generally increased also. For example, only 41 percent of the homemakers in the lowest asset group were satisfied with the family's ability to meet a financial emergency while 82 percent of the highest asset group were satisfied, Appendix Table 8. It is also important to note that 61 percent or more of the homemakers in each asset group were satisfied with the family income. A total of 67 percent of all the homemakers gave this response.

It, thus, becomes important to understand what the homemaker meant by a *satisfied* response. A clue to this meaning may be obtained by a look at the items which had the lowest percentage of *satisfied* responses in Appendix Table 8. These were *amount of present savings* and *ability to meet emergency expenses.* Only 28 percent of the respondents in the lowest asset group and 68 percent in the highest asset group were satisfied with their present savings. Forty-one percent of the lowest asset group felt they could meet an emergency satisfactorily while 82 percent of the highest asset group were satisfied with their ability to meet such a situation.

In each of these cases, the term *satisfied* seemed to refer to the adequacy or sufficiency of the present finances in question. The same meaning seemed to apply to the satisfaction expressed concerning present income. It did not imply that the homemaker did not look forward to additional income in the future.

This observation was further substantiated by the 97 percent who were satisfied with their present credit rating. Apparently, credit was one of the main sources of financial security for many of the families. This feeling of security may have been related to previous experience in using credit, present financial assets or both. Credit might also produce a false sense of security for those families with low assets and a present indebtedness of $2,500 or more. Forty-six families with assets under $5,000 had debts over $2,500, but only 12 families expressed any concern, either *uneasy* or *worried*, about their credit rating.

It is recognized that this rough subjective measurement can only indicate an area where additional study might be useful in understanding the economic stability of low-asset families. The economic security of the consumer at all levels is important to the economic stability of the nation. More important is the confidence which lending institutions place in the consumer, thus contributing to the fluidity of the economy and the continued movement of goods and services.

Although the families in this study had relatively low assets and correspondingly low incomes, they are secure in most situations related to family financial management as expressed by the response of *satisfied*. Previously it was noted that very few of these families used a budget or planned expenditures together; nonetheless, between 81 and 91 percent reported they were satisfied with their family plan. It was stressed in the interview that family plan meant the working out of a plan by the family for the use of family income. This emphasizes some of the difficulties in communication between the professional viewpoint on family planning and the consumer's viewpoint. Most of the respondents were homemakers and felt that their family planning was acceptable since their expenditures were not causing financial difficulties.

RESULTS OF STATISTICAL TESTS

Differences in the two geographical areas of the sample, socio-economic characteristics of the families and family financial management practices were each assumed to have a relationship to the present level of financial attainment. For example, a higher level of education for the male head, Blackland farming land and planned family expenditures were expected to have a positive effect on the present level of financial attainment. It was assumed also that present income would be an indicator in some situations of the level of financial attainment.

Preliminary analysis of variance tests were made with 88 dependent variables and two independent variables: family income and net assets. The F-test was used to determine relative significance. All 500 cases were tested with family income as the independent variable. However, with net assets as the independent variable, 18 families with very high net assets were dropped from the analysis.

The arithmetic mean of net assets was found to be $16,471; therefore, families with very high assets (over $60,000) skewed the data and were eliminated. The standard error of the mean with net assets was proportional to the mean; therefore, the tests were rerun using logarithms of net assets as the independent variable. Omitting the 18 families with high net assets had very little effect on the results; thus, all 500 cases were used in the final tests. For these tests 16 dependent variables were selected and tested by least squares' analysis. Four of these were continuous variables and the others were discrete variables. Results of the tests are given in Appendix Table 9.

Analysis of Variance

No attempt has been made in this study to define financial security as a single entity. However, several factors relating to financial security were utilized to determine their relationship, if any, to financial security as measured by level of financial attainment. Net assets and family income were used as indicators of level of family financial attainment.

Some responses to attitudinal questions were tested with these independent variables. Each respondent was asked to indicate on a three-point scale the degree of satisfaction felt toward 12 financial management practices or economic situations of the family. Eleven of these were significantly related at the 5 percent level to family income while only seven were significantly related at the 5 percent level to net assets, Appendix Table 10.

A cursory examination of some of the variables such as satisfaction with ability to pay living expenses, income, credit rating and husband's occupation, wife's income, planned purchases and money management method would suggest the significant relationship found between these variables and family income. However, it was expected that these variables would also be related significantly to net assets; they were not.

On the other hand, the variables which were also related significantly to net assets such as satisfaction with savings, ability to meet emergencies, retirement plans, ability to meet long-term debts, amount of personal insurance and ability to meet medical expenses imply a relationship to net assets. These results indicate some of the complexity in defining level of family financial attainment. As family financial security cannot be defined in simple terms as a single entity, neither can level of financial attainment be so defined. A single cause and effect relationship cannot be demonstrated. However, factors significantly related only to income are most often those factors which reflect level of living.

Analysis of the data showed that the assumption of a relationship between geographical area and financial attainment had to be rejected. There was no significant relationship between this variable and either of the independent variables. On the other hand, "county" as a variable did show a significant relationship to both family income and net assets. "County" was related significantly above the 1 percent level to family income and to net assets in the least squares' analysis. The mean income for the Blackland area was $5,430 and for the East Texas area was $4,534; however, one of the East Texas counties had a mean income of $5,767 and one in the Blackland area had a mean income of $6,910.

This variation in income between the counties, regardless of area, would account for the significant relationship of counties to family income. Similarly, a wide variation of net assets among counties within each area would result in a significant relationship of counties to net assets and no significant relationship of the areas to net assets.

Social factors such as length of marriage, age of the male head and stage in the family life cycle, were related significantly to both family income and net assests. Education of the male head also was related significantly to family income and net assets converted to logarithms. Total family members and ownership of home were related significantly to net assets, but not to family income.

Adjustments were made in the least squares' analysis to eliminate uncontrolled effects on the data. Nine of the 16 variables were significantly related to net assets at the 5 percent level and seven at the 1 percent level of confidence. Among the variables tested by least squares' analysis were money management method, planned purchase of large appliances and wife's income. None of these were related significantly to net assets, but all were found to be related significantly to family income. This would indicate that these economic factors are important in the level of living of the families, but their relationship to total family assets or level of family financial attainment has not been established by this analysis.

Evaluation

Between 50 and 53 of the 88 dependent variables showed a significant relationship to the independent variables. In the total sample, 68 of the 88 variables were related significantly to at least one of the independent variables. Thirteen were related significantly to family income and not to net assets. Fifteen were related significantly to net assets and not to family income.

In each analysis some factors seemed to be concerned more directly with the present level of living, and these factors were related significantly more often to family incomes. Others seemed to be concerned more directly with the accumulation of assets over a period of time and more often were related significantly to net assets. Individuals and agencies working with families need to recognize these differences in the socio-economic characteristics of the family and the expected financial status.

Four of the counties in this study have been designated on a national scale as low-income counties (6). These counties were selected by random sampling as representative of the low-income area of the state. The other three counties were selected from an area having a higher average income. The mean incomes of the counties substantiated this initial differentiation, but further analysis does not corroborate the hypothesis that level of family financial attainment would show better family financial management practices in one area than in the other. Differences observed are between the families and not between the families as representative of an area.

Certain management practices have been shown to be related significantly to net assets, while others are related significantly to family income. Level of financial attainment is not to be measured, therefore, by net assets alone, but also by income. If level of financial attainment is to be used as an indicator of financial security, then we must differentiate between the types of financial security. Those families whose financial security is based on present income may have a more transient security. That is, if they were to lose their income, their lack of net assets would place them in a critical financial situation. Those families whose financial security is based on net assets may have a more permanent security, because they already have attained enough net assets to offset loss of income. Therefore, they are concerned more with factors of day-to-day living. In working with families with low incomes, other resources and socio-economic conditions must be evaluated to determine the true financial status of the families.

CONCLUSIONS AND IMPLICATIONS

Families in the East Texas counties and those in the Blackland area were similar in their family financial management practices. Thus, their respective management practices apparently had little influence on the different economic levels of the respective areas. Nonetheless, statistical analysis showed certain such practices to be related significantly to the net worth of individual families, while other management practices were related significantly to family income.

The method of managing money, planning for purchases of large appliances and pensions for retirement and keeping itemized receipts all were related significantly to family income. Practices significantly related to total family assets included saving for retirement, keeping records to prove payments or to control bills, keeping accounts in a record book or a notebook and type of plans made ahead for purchases. Factors such as insurance, investments for retirement and preparation for an emergency were related to both family income and total family assets.

Families who have the management practices which have been shown to be related to assets will be more apt to accumulate additional assets and thus increase their financial status. Therefore, these practices need to be emphasized. For some families, money income evidently represents their major financial asset. While this contributes to their financial status, it can be a more unstable contribution than net assets as previously mentioned.

Although many of the families were satisfied with their present financial practices, they obviously need a more thorough understanding of these practices as tools in extending available finances. Adult financial management classes directed toward the family are needed. However, this type of education would have to be simplified, because many homemakers have had little or no experience with formalized financial management. Evident satisfaction with present financial practices would also have to be considered as this attitude could result in opposition to any extensive changes. Emphasis on how these practices can increase the family financial status might overcome any such resistance to change.

Initial instruction in management practices might be concerned with record keeping. Records which are properly kept help a family know its true financial situation at all times. Simplified record keeping also could clarify to them the need for more knowledge about total financial management.

Instruction is also needed in helping homemakers plan insurance programs and understand the programs' benefits and costs. Most homemaker respondents were vague in their knowledge of insurance programs. They knew only the type of insurance they carried. They did not comprehend the details of their individual insurance programs. Homemakers need to understand the terms used in describing benefits, limitations or commitments in a given policy. This is especially true for members of lower income families who rely on burial policies for one type of financial security.

Credit practices suggested that credit was an important means of extending family finances and raising the immediate level of living. Most of the families were using short-term credit except for the purchase of their home. However, credit was used to satisfy wants, and many of the homemakers did not comprehend its value as a financial tool to be used to secure a strong financial base for their families.

Few families distributed family income among family members by using a budget plan for managing family finances. It was evident that financial management programs for family groups would be beneficial for both the present and the future. For example, many children receive money as a family dole or are given what they need. If these children were in families where they participated in the planning of a family budget, they would better understand their role as a family member and would be better prepared to establish family management programs in their own future homes.

Many of these families did not use savings and investments as a tool for managing their finances. Instruction in money management could prove worthwhile for them. However, the prevalent low income in this group might limit such savings to a forced program similar to social security.

ACKNOWLEDGMENTS

The author extends thanks to the families who so willingly cooperated in this survey, and to the interviewers who conscientiously strove to secure the data desired. Special thanks for advice and guidance are due Dr. Barden Nelson and Dr. John Southern for assistance in the initial plans for this study. Thanks are extended to the technicians who have worked diligently in the preparation of data for analysis. Dr. R. E. Fruend, statistician, and members of the Data Processing Center have given invaluable service in the analytical procedures.

LITERATURE CITED

1. Adkins, William G. *Projections to 1970 of Selected Characteristics of Farms in the Blackland Prairies,* Technical Monograph 2, Texas Agricultural Experiment Station, College Station, Texas, June, 1965, p. 9.
2. Bonnen, C. A. *Types of Farming in Texas,* Bulletin 964, Texas Agricultural Experiment Station, College Station, Texas, October, 1960.
3. Fitzsimmons, Cleo. *The Management of Family Resources,* San Francisco: W. H. Freeman & Co., 1950, p. 337.
4. Nickell, Pauline and Dorsey, Jean Muir, *Management in Family Living,* New York: Wiley & Sons, 1950.
5. North Central Regional Committee Project NC 34.
6. Southern, John H. and Hendrix, W. E. *Income of Rural Families in Northeast Texas,* Bulletin 940, Texas Agricultural Experiment Station, College Station, Texas, October, 1959, p. 3.
7. Stubbs, Alice C. "Planning for Retirement," *Social Change and Aging in the Twentieth Century,* Vol. 13, University of Florida, 1964, p. 61.

APPENDIX

APPENDIX A

Method of Sampling

Families for this study were drawn by random sampling from four randomly selected counties in the East Texas area and three counties in the Blackland area. Twenty-four East Texas counties which had been designated as low-income counties were grouped to make four subgroups in the area. One county in each group was drawn by ballot to represent the subgroup.

The Blackland area was divided into three areas. The names of counties having 50 percent or more Blackland soil within the county boundaries were placed on ballots and three counties were drawn at random. County maps were subdivided into small areas having 20 family dwellings in each area. Preliminary interviewing in these open country areas indicated that a sufficient number of families for the study could not be obtained in this manner without excessive cost. Therefore, all communities having 2,500 residents or less were selected using the same county maps. These communities were divided into four sections, and business areas were eliminated. Families were drawn by random selection from each section in the community.

The total number of rural families within each county was determined from U. S. Census records. It previously had been decided that 500 families would be a sufficient number for the purposes of the study, with 250 to come from East Texas and 250 from the Blackland area. Each county within each area provided a proportional number of the 500, Appendix Table 11. The number of Negroes that would be drawn from such a sample on a proportional basis was too small to give an adequate sample of the Negro race. Therefore, Negroes were eliminated from this study and only white families were contacted. The number of families to be drawn from each community and from each of the quarters in each community was proportionally determined.

APPENDIX B

Characteristics of the Family

The sample was stratified by age of the male head, by residence and by family status. No data were collected from a family in which the male head of the family was over 60 years old. It was also mandatory that both husband and wife be present in the family. The study was limited to rural farm and rural nonfarm families.

Heads of households in the study were distributed over the different age categories and ranged from 11 percent in the under 30 category to 17 percent in the 45-49 category, Appendix Table 12. Only 10 percent of the families had six or more members. Seventy-two percent of the families had either 2, 3 or 4 members with the highest percentage having 4 members.

The length of marriage reported ranged from less than 5 years (8 percent) to 41 years or more (1 percent).

Only 6 percent of the male heads were college graduates, but an additional 10 percent indicated they had done some college work. Thirty-two percent were high school graduates, while 25 percent had an eighth grade education or less. Correspondingly, 16 percent of the male heads were in professional or managerial jobs and 32 percent were in skilled occupations. Twenty-two percent of the respondents gave farming as the principal occupation of the male head. One percent of the male heads were unemployed, students or disabled.

Although the majority of the family heads were in occupations other than farming, only 33 percent had no land under cultivation and only 8 percent had no lands in use for grazing. Four percent of the families were farming 240 acres or more and 13 percent had 240 acres or more in grazing land. The majority of families (52 percent) were cultivating between 11 and 90 acres of land and 48 percent had 51 to 159 acres of land in grazing.

Twenty-nine percent of the families were in the grade school stage of the family life cycle. Another 25 percent were either in the recovery stage or had no children. Only 9 percent were in the college stage of the family life cycle, while 18 and 19 percent were in the accumulation stage and the high school stage, respectively.

More than half of the homemakers were between 40 and 59 years of age with the highest percentage being 40-49. Only 31 percent of the homemakers were bringing additional income into the family. Ten percent had incomes between $1,000 and $2,499 and 3 percent had incomes of $2,500 to $4,999. Less than 1 percent had incomes above $5,000.

The majority of families (56 percent) had an annual living cost of $2,000 to $3,999. The per capita living cost was $600 to $1,399 for 65 percent of the families. The majority of the families were not mobile with 66 percent having lived in only one or two places during the past 10 years. On the other hand, 18 percent of the families had lived in four to eight different locations during the past 10 years.

APPENDIX TABLES

APPENDIX TABLE 1. FINANCIAL MANAGEMENT PRACTICES OF 500 RURAL FAMILIES IN FOUR EAST TEXAS AND THREE BLACKLAND COUNTIES

		Money management method																	
Net assets	Total families	No plan		Budget		50-50		Dole		Allowance		Family plans		Husband spends		Wife spends		Both spend	
	No.	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	50	28	3	2	0	0	7	4	4	2	21	12	22	13	37	21	30	17
$5,000-$13,999	167	64	38	3	2	5	3	5	3	1	[1]	18	11	15	9	26	16	30	17
$14,000-$26,999	91	33	36	0	0	2	2	1	1	2	2	5	5	11	12	17	19	20	22
$27,000 & over	68	41	60	1	1	0	0	2	3	0	0	2	3	3	4	7	10	12	18
Total	500	188	38	7	1	7	1	15	3	7	1	46	9	51	10	87	17	92	19

		Allowances											
	Total	Wife				Husband				Home			
Net assets	families	Yes		No		Yes		No		Yes		No	
	No.	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	15	9	159	91	13	7	161	92	34	19	140	80
$5,000-$13,999	167	11	7	156	93	8	5	159	95	24	14	142	85
$14,000-$26,999	91	3	3	88	97	3	3	88	97	9	10	82	90
$27,000 & over	68	4	6	64	94	2	3	66	97	7	10	61	90
Total	500	33	7	467	93	26	5	474	95	74	15	425	85

		Spending money for children																	
Net assets	Total families	No money		Allowance		Given what they need		Jobs for others		Pay for home jobs		No plan		No children		Too young		No answer	
	No.	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	1	1	41	24	55	32	6	3	12	7	0	0	26	15	32	18	1	1
$5,000-$13,999	167	0	0	41	25	42	25	10	6	12	7	0	0	48	29	11	7	3	2
$14,000-$26,999	91	0	0	14	15	28	31	5	5	4	4	0	0	37	41	3	3	0	0
$27,000 & over	68	0	0	8	12	16	23	9	13	4	6	0	0	29	43	2	3	0	0
Total	500	1	[1]	104	21	141	28	30	6	32	6	0	0	140	28	48	10	4	1

		Home credit							
Net assets	Total families	None		Under $400		$401-$2,499		$2,500 & over	
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	46	26	36	21	46	26	46	26
$5,000-$13,999	167	51	31	37	22	44	26	35	21
$14,000-$26,999	91	49	54	14	15	19	21	9	10
$27,000 & over	68	48	71	5	7	6	9	9	13
Total	500	194	39	92	18	115	23	99	20

[1]Less than 1 percent.

APPENDIX TABLE 2. PROVISIONS FOR THE FUTURE MADE BY 500 RURAL FAMILIES BY NET ASSETS IN 1961

Net assets	Total families	Plan to buy large appliance					
		Yes		No		Perhaps	
	No.	No.	%	No.	%	No.	%
Under $5,000	174	39	22	121	70	13	7
$5,000-$13,999	167	34	20	118	71	14	8
$14,000-$26,999	91	22	24	62	68	7	8
$27,000 & over	68	19	28	43	63	6	9

Net assets	Total families	Depreciation accounts							
		Familiar with depreciation account				Have depreciation account			
		Yes		No		Yes		No	
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	14	8	160	92	1	1	173	99
$5,000-$13,999	167	33	20	135	81	3	2	164	98
$14,000-$26,999	91	12	13	79	87	1	1	90	99
$27,000 & over	68	21	31	47	69	7	10	61	90

Net assets	Total families	What to do about family crisis											
		Cash		Repair		Borrow		Installment plan		Savings		DK—NA[1]	
	No.	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	51	29	11	6	73	42	11	6	8	5	20	12
$5,000-$13,999	167	84	50	6	4	47	28	8	5	13	8	9	5
$14,000-$26,999	91	61	67	1	1	16	18	7	8	2	2	4	4
$27,000 & over	68	53	78	0	0	8	12	3	4	2	3	2	3

Net assets	Total families	Preparation for emergencies					
		None		Savings		Cash	
	No.	No.	%	No.	%	No.	%
Under $5,000	174	152	87	10	6	11	6
$5,000-$13,999	167	138	83	14	8	15	9
$14,000-$26,999	91	60	66	14	15	14	15
$27,000 & over	68	37	54	12	18	19	28

Net assets	Total families	Method for emergency money									
		Borrow		Cash		Savings		Cash/borrow		Do without NA[2]	
	No.	No.	%	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	77	44	36	21	20	11	22	13	19	11
$5,000-$13,999	167	51	31	55	33	29	17	20	12	12	7
$14,000-$26,999	91	13	14	41	45	17	19	8	9	12	13
$27,000 & over	68	6	9	35	51	14	21	7	10	6	9

[1]Indicates "don't know" or "no answer."
[2]Indicates "no answer."

APPENDIX TABLE 3. ECONOMIC PROVISIONS MADE BY 500 RURAL FAMILIES FOR OLDER AGE BY NET ASSETS IN 1961

Net assets	Total families	Insurance					
		None		Endowment		Other	
	No.	No.	%	No.	%	No.	%
Under $5,000	174	167	96	1	1	6	3
$5,000-$13,999	167	156	93	4	2	7	4
$14,000-$26,999	91	71	78	14	15	6	7
$27,000 & over	68	52	76	12	18	4	6

Net assets	Total families	Pension							
		None		Company		Teacher & state retirement		Other	
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	133	76	19	11	12	7	10	6
$5,000-$13,999	167	125	75	22	13	12	7	8	5
$14,000-$26,999	91	71	78	11	12	5	5	4	4
$27,000 & over	68	58	85	4	6	3	4	3	4

Net assets	Total families	Investment and savings									
		Investments						Savings			
		None		Farm		Business		No		Yes	
	No.	No.	%	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	151	87	20	12	3	2	127	73	47	27
$5,000-$13,999	167	115	69	46	28	6	4	104	62	63	38
$14,000-$26,999	91	40	44	44	48	7	8	59	65	32	35
$27,000 & over	68	18	26	47	69	3	4	38	56	30	44

Net assets	Total families	Social security and other							
		Social security				Other			
		No		Yes		None		Other	
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	12	7	162	93	172	99	2	1
$5,000-$13,999	167	11	7	155	93	160	96	7	4
$14,000-$26,999	91	4	4	87	96	90	99	1	1
$27,000 & over	68	3	4	65	96	64	94	4	6

APPENDIX TABLE 4. NUMBER OF LIFE INSURANCE POLICIES HELD BY MALE HEADS OF FAMILIES, NUMBER OF LIFE INSURANCE POLICIES HELD BY FAMILIES AND NUMBER OF PERSONS HOLDING LIFE INSURANCE POLICIES RELATED TO NET ASSETS

		Type of policy																		
Net assets	Total families	Term		Straight life		Annuity life		Limited pay life		Education		Burial		Investment		NA[1]		Total no. policies	
	No.	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%[2]
		Policies held by male heads of families																	
Under $5,000	174	15	8	79	45	3	2	13	7	0	0	5	3	0	0	0	0	115	23
$5,000-$13,999	167	23	14	88	53	15	9	17	10	0	0	3	2	0	0	1	[3]	147	29
$14,000-$26,999	91	8	9	42	46	16	7	19	21	0	0	1	1	0	0	0	0	86	17
$27,000 & over	68	7	10	40	59	13	19	13	19	0	0	0	0	1	1	1	1	75	15
Total	500	53	11	249	50	47	9	62	12	0	0	9	2	1	[3]	2	[3]	423	85
		Policies held by families																	
Under $5,000	174	61	35	157	90	11	6	46	26	6	3	92	53	0	0	0	0	373	75
$5,000-$13,999	167	39	23	181	108	42	25	60	36	3	2	101	60	0	0	1	[3]	427	85
$14,000-$26,999	91	14	15	88	97	30	33	57	63	3	3	43	47	0	0	0	0	235	47
$27,000 & over	68	14	21	86	127	335	51	44	65	3	4	20	29	1	1	1	1	204	41
Total	500	128	26	512	102	118	24	207	41	15	3	256	51	1	[3]	2	[3]	1239	248
																		Total no. persons	
		Number of persons holding policies																No.	%
Under $5,000	174	45	26	137	79	11	6	45	26	6	3	90	52	0	0	0	0	334	67
$5,000-$13,999	167	38	23	159	95	36	22	57	34	3	2	98	59	0	0	1	[3]	392	78
$14,000-$26,999	91	14	15	79	87	26	29	54	59	3	3	42	46	0	0	0	0	218	44
$27,000 & over	68	13	19	76	112	31	46	37	54	3	4	20	29	1	1	1	1	182	36
Total	500	110	22	451	90	104	21	193	39	15	3	250	50	1	[3]	2	[3]	1126	225

[1]Indicates "no answer."
[2]Percent of 500.
[3]Less than 1 percent.

APPENDIX TABLE 5. HEALTH AND ACCIDENT INSURANCE HELD BY FAMILIES IN EACH ASSET GROUP

	Under $5,000		$5,000-13,999		$14,000-26,999		$27,000 & over		Total	
	No.	%[1]	No.	%[1]	No.	%[1]	No.	%[1]	No.	%[1]
Total number schedules	174		167		91		68		500	
Type accident insurance										
Company unemployment	12	7	13	8	3	3	2	3	30	6
State unemployment	26	15	12	7	6	7	4	6	48	10
Workmen's compensation	54	31	37	22	17	19	12	18	120	24
Liability (nonfamily)	2	1	4	2	3	3	11	16	20	4
Hospitalization	111	64	118	71	60	66	48	71	337	67
Accident & health	16	9	24	14	12	13	7	10	59	12
School	40	23	44	26	19	21	15	22	118	24
Company accident	39	22	31	19	21	12	7	10	98	20
Dread disease	2	1	8	5	3	3	1	1	14	3

[1]Each percentage is figured on the total number of schedules in that asset group.

APPENDIX TABLE 6. PROPERTY INSURANCE POLICIES HELD BY FAMILIES IN EACH ASSET GROUP

	Under $5,000		$5,000-13,999		$14,000-26,999		$27,000 & Over		Total	
	No.	%[1]	No.	%[1]	No.	%[1]	No.	%[1]	No.	%[1]
Total number schedules	174		167		91		68		500	
Type of property insurance										
Automobile	146	84	150	90	86	95	65	96	447	89
Business & equipment	2	1	2	1	5	5	6	9	15	3
Livestock	1	1	2	1	2	2	4	6	9	2
Crop	1	1	0	0	1	1	3	4	5	1
Farm buildings	2	1	3	2	4	4	7	10	16	3
House	16	9	19	11	15	16	8	12	58	12
Household goods	21	12	14	8	6	7	4	6	45	9
Combination (farm & building and house & goods)				7	17	19	25	37	55	11
House & household goods	48	28	80	48	43	47	33	49	204	41

[1]Each percentage is figured on the total number of schedules in that asset group.

APPENDIX TABLE 7. FAMILY LIVING COSTS RELATED TO NET ASSETS

FAMILY LIVING COSTS

Food

Net assets	Total families	$600 or less		$601-900		$901-1200		$1201 & over	
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	21	12	43	25	64	37	46	26
$5,000-$13,999	167	18	11	52	31	54	32	43	26
$14,000-$26,999	91	12	13	29	32	27	30	23	25
$27,000 & over	68	6	9	22	33	18	26	22	32
Total	500	57	11	146	29	163	33	134	27

Clothing

Net assets	Total families	$125 or less		$126-299		$300-475		$476 & over	
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	46	27	63	36	44	25	21	12
$5,000-$13,999	167	26	16	66	39	51	31	24	14
$14,000-$26,999	91	17	19	31	34	33	36	10	11
$27,000 & over	68	2	3	26	38	20	29.4	20	29.4
Total	500	91	18	186	37	148	30	75	15

Shelter

Net assets	Total families	None		$480 or less		More than $480	
	No.	No.	%	No.	%	No.	%
Under $5,000	174	101	58	58	33	15	9
$5,000-$13,999	167	147	88	11	7	9	5
$14,000-$26,999	91	81	89	7	8	3	3
$27,000 & over	68	65	96	2	3	1	1
Total	500	394	79	78	16	28	5

Utilities

Net assets	Total families	$130 or less		$131-180		$181-299		$300 & over	
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	28	16	50	29	82	47	14	8
$5,000-$13,999	167	12	7	47	28	80	48	28	17
$14,000-$26,999	91	5	5	22	24	47	52	17	19
$27,000 & over	68	3	4	14	21	25	37	26	38
Total	500	48	9	133	27	234	47	85	17

Net assets	Total families	Services							
		Less than $15		$15-85		$86-175		$176 & over	
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	40	23	67	39	40	23	27	15
$5,000-$13,999	167	22	13	57	34	52	31	36	22
$14,000-$26,999	91	11	12	27	30	28	31	25	27
$27,000 & over	68	2	3	14	20	27	40	25	37
Total	500	75	15	165	33	147	29	113	23

Net assets	Total families	Furnishings					
		None		$75 or less		More than $75	
	No.	No.	%	No.	%	No.	%
Under $5,000	174	141	81	24	14	9	5
$5,000-$13,999	167	122	73	35	21	10	6
$14,000-$26,999	91	70	77	14	15	7	8
$27,000 & over	68	49	72	15	22	4	6
Total	500	382	76	88	18	30	6

Net assets	Total families	Personal							
		$40 or less		$41-90		$91-149		$150 & over	
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	24	14	85	49	33	19	32	18
$5,000-$13,999	167	17	10	59	35	67	40	24	15
$14,000-$26,999	91	14	15	34	37	27	30	16	18
$27,000 & over	68	5	7	28	41	12	18	23	34
Total	500	60	12	206	41	139	28	95	19

Net assets	Total families	Medical							
		$50 or less		$51-100		$101-399		$400 & over	
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	51	29	43	25	67	39	13	7
$5,000-$13,999	167	40	24	50	30	57	34	20	12
$14,000-$26,999	91	28	31	20	22	33	36	10	11
$27,000 & over	68	12	18	19	28	23	34	14	20
Total	500	131	26	132	27	180	36	57	11

Net assets	Total families	Transportation							
		Less than $100		$101-179		$180-300		$301 & over	
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	28	16	38	22	66	38	42	24
$5,000-$13,999	167	16	10	23	14	69	41	59	35
$14,000-$26,999	91	10	11	21	23	35	38	25	28
$27,000 & over	68	1	2	13	19	26	38	28	41
Total	500	55	11	95	19	196	39	154	31

Net assets	Total families	Contributions							
		$25 & under		$26-99		$100-200		$201 & over	
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	49	28	47	27	50	29	28	16
$5,000-$13,999	167	22	13	41	25	66	39	38	23
$14,000-$26,999	91	8	9	23	25	35	38	25	28
$27,000 & over	68	1	1	12	18	26	38	29	43
Total	500	80	16	123	25	177	36	120	24

APPENDIX TABLE 7. FAMILY LIVING COSTS RELATED TO NET ASSETS (Continued)

Net assets	Total families	Gifts: $25 under		$26-99		$100-200		$201 & over	
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	35	20	59	34	69	40	11	6
$5,000-$13,999	167	20	12	44	26	83	50	20	12
$14,000-$26,999	91	18	20	23	25	37	41	13	14
$27,000 & over	68	4	6	12	18	26	38	26	38
Total	500	77	15	138	28	215	43	70	14

Net assets	Total families	Education—books and tuition: None		Under $100		$101-300		$301 & over	
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	132	76	31	18	10	6	1	1
$5,000-$13,999	167	108	65	31	19	19	11	9	5
$14,000-$26,999	91	65	71	14	15	10	11	2	2
$27,000 & over	68	40	59	18	26	8	12	2	3
Total	500	345	69	94	19	47	9	14	3

Net assets	Total families	Education—newspaper, magazines & other: $15 & under		$16-40		$41 & over	
	No.	No.	%	No.	%	No.	%
Under $5,000	174	47	27	81	47	46	26
$5,000-$13,999	167	34	20	77	46	56	34
$14,000-$26,999	91	16	18	43	47	32	35
$27,000 & over	68	5	7	21	31	42	62
Total	500	102	20	222	45	175	35

Net assets	Total families	Recreation: None		Under $20		$20-100		$101 & over	
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	49	28	55	32	54	31	16	9
$5,000-$13,999	167	41	24	36	22	77	46	13	8
$14,000-$26,999	91	33	36	21	23	31	34	6	7
$27,000 & over	68	18	26	17	25	19	28	14	21
Total	500	141	28	129	26	180	36	49	10

Net assets	Total families	Alcoholic beverages: None		Other	
	No.	No.	%	No.	%
Under $5,000	174	158	91	16	9
$5,000-$13,999	167	160	96	7	4
$14,000-$26,999	91	87	96	4	4
$27,000 & over	68	55	81	13	19
Total	500	460	92	40	8

Net assets	Total families	Tobacco: None		$50 & under		$51-100		$101 & over	
	No.	No.	%	No.	%	No.	%	No.	%
Under $5,000	174	46	26	18	10	33	19	77	44
$5,000-$13,999	167	47	28	18	11	35	21	67	40
$14,000-$26,999	91	29	32	9	10	16	17	37	41
$27,000 & over	68	22	32	7	10	8	12	31	46
Total	500	144	29	52	10	92	18	212	42

APPENDIX TABLE 7. FAMILY LIVING COSTS RELATED TO NET ASSETS (Continued)

Net assets	Total families	Other living expenses			
		None		Other	
	No.	No.	%	No.	%
Under $5,000	174	101	58	73	42
$5,000-$13,999	167	82	49	85	51
$14,000-$26,999	91	59	65	32	35
$27,000 & Over	68	36	53	32	47
Total	500	278	56	222	44

[1]Less than 1 percent.

APPENDIX TABLE 8. FEELINGS OF SATISFACTION ABOUT FAMILY FINANCIAL MANAGEMENT RELATED TO NET ASSETS OF 500 RURAL FAMILIES

Net assets	Total families	Satisfied		Uneasy		Worried		NA[1]		Satisfied		Uneasy		Worried		NA[1]	
	No.	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
		Family plan								Retirement							
Under $5,000	174	143	82	26	15	5	3	0	0	101	58	60	34	12	7	1	1
$5,000-$13,999	167	148	89	14	8	0	0	5	3	107	65	47	27	11	6	2	2
$14,000-$26,999	91	74	81	16	18	1	1	1	1	61	67	22	24	5	5	3	4
$27,000 & over	68	62	91	5	7	1	2	0	0	56	82	10	15	2	3	0	0
		Ability to pay								Meet long term debts							
Under $5,000	174	133	76	36	21	4	2	1	[2]	105	60	53	30	12	7	4	3
$5,000-$13,999	167	133	80	25	15	7	4	2	1	108	65	43	26	9	5	7	4
$14,000-$26,999	91	85	93	5	5	1	1	0	0	75	82	11	12	2	2	3	3
$27,000 & over	68	62	91	6	9	0	0	0	0	61	90	2	3	1	1	4	6
		Income								Personal insurance							
Under $5,000	174	106	61	55	32	13	7	0	0	88	51	59	34	26	15	1	1
$5,000-$13,999	167	105	63	48	29	12	7	2	1	112	67	40	23	11	7	4	3
$14,000-$26,999	91	72	79	14	15	4	4	1	1	58	64	26	29	4	4	3	3
$27,000 & over	68	54	79	9	13	5	7	0	0	55	81	9	13	3	4	1	2
		Savings								Property insurance							
Under $5,000	174	48	28	94	54	31	18	1	[2]	102	59	41	24	23	13	8	5
$5,000-$13,999	167	69	41	71	42	25	15	2	2	123	73	26	16	12	7	6	4
$14,000-$26,999	91	51	56	31	34	8	9	1	1	69	76	20	22	1	1	1	1
$27,000 & over	68	46	68	14	21	8	12	0	0	57	84	7	10	4	6	0	0
		Credit rating								Husband's occupation							
Under $5,000	174	166	95	5	3	2	1	1	1	120	69	38	22	15	9	1	[2]
$5,000-$13,999	167	162	97	0	0	2	1	3	2	119	71	38	23	7	4	3	2
$14,000-$26,999	91	89	98	2	2	0	0	0	0	73	80	15	17	3	3	0	0
$27,000 & over	68	67	99	0	0	1	1	0	0	57	84	8	12	3	4	0	0
		Meet emergencies								Meet medical expenses							
Under $5,000	174	71	41	79	45	23	13	1	1	96	55	57	33	21	12	0	0
$5,000-$13,999	167	92	55	62	37	11	6	2	2	109	66	44	25	11	7	3	2
$14,000-$26,999	91	71	78	18	20	2	2	0	0	74	81	17	19	0	0	0	0
$27,000 & over	68	56	82	10	15	2	3	0	0	59	87	8	12	1	1	0	0

[1]Indicates "no answer."
[2]Less than 1 percent.

APPENDIX TABLE 9. LEAST SQUARES' ANALYSIS OF 16 SELECTED VARIABLES

Variable	Degrees of freedom	Mean square	Computed F-score	Table F-score 5 percent level
County	6	.87232	5.504	2.099
Total family members	4	.39143	2.470	2.372
Stage in the family life cycle	5	.59190	3.734	2.214
Home ownership	4	3.48829	22.008	2.372
Keep records by record book, notebook and ledger	1	.27904	1.761	3.841
Keep records for income tax	1	1.44304	9.104	3.841
Keep records for business reasons	1	.38690	2.441	3.841
Plan purchase of large appliance	1	.14042	.886	3.841
Plan for emergency	1	1.80825	11.409	3.841
Plan insurance and pension for retirement	1	.58367	3.682	3.841
Plan investment for retirement	1	4.68640	29.567	3.841
Money management method	2	.02624	.166	2.996
Husband's income	1	.73639	4.646	3.841
Wife's income	1	.00528	.033	3.841
Farm income	1	4.33060	27.322	3.841
Additional income	1	.36048	2.274	3.841

APPENDIX TABLE 10A. FACTORS SIGNIFICANT AT 5 PERCENT LEVEL TO FAMILY INCOME ONLY

Variable	Degrees of freedom	Net income calculated F-score
Keep itemized receipts	1	21.39
Satisfaction with:		
Ability to pay expenses	3	6.29
Income	3	15.04
Credit rating	3	2.67
Husband's occupation	3	6.06
Plan to buy appliances	3	3.80
Type pension for retirement	7	4.20
Money management method	8	3.58
Make plans ahead	2	4.01
Who makes decisions	5	11.18
Homemaker's income	9	8.89
Additional income	8	9.46
Annual living cost	17	34.30

APPENDIX TABLE 10B. FACTORS SIGNIFICANT AT 5 PERCENT LEVEL TO NET ASSETS AND/OR LOGS OF NET ASSETS

Variable	Degrees of freedom	Net assets calculated F-score	Logs of net assets calculated F-score
Total family members	7	5.05	6.46
Amount paid on debt (9-1-60 to 9-1-61)	15	3.92	2.12
Ownership of home	4	33.43	49.08
Mobility of family	2	25.61	39.26
Number years lived in house	5	12.69	25.97
Keep account in record book	1	18.51	13.17
Keep account in notebook	1	5.21	3.94
Keep company payment book	1	5.78	5.31
Keep records for business use	3	5.96	8.73
How children get spending money	7	5.82	9.48
Husband works off farm	1	42.76	22.37
Occupation of homemaker	7	2.74	2.05
Down payment during year (9-1-60 to 9-1-61)	9	2.72	
Type records kept are easy	3		5.91
Keep records to prove payment	3		6.01
Keep records to control bills	3		6.55
Keep records for FHA loans	3		6.14
Savings for retirement	1		6.17
Type of plans made for purchases	23	2.91	2.09
Amount owed as of 9-1-61	58		1.83
Amount of down payment on debt before 9-1-60	18	1.81	

APPENDIX TABLE 10C. FACTORS SIGNIFICANT AT 5 PERCENT LEVEL TO INCOME, NET ASSETS AND/OR LOGS OF NET ASSETS

Variable	Degrees of freedom	Net income calculated F-score	Net assets calculated F-score	Logs of net assets calculated F-score
County	6	8.44	2.21	
Length of marriage	7	2.67	5.43	7.92
Age of male head	38	1.96	2.28	2.86
Education of male head	8	12.56		2.88
Stage in family life cycle	9	2.93	5.96	8.81
Number of acres farm	8	2.75	22.54	27.47
Ability to meet normal expenses	4	8.37	9.19	9.03
Acres in cultivation	8	2.44	9.57	7.64
Acres in grazing	7	4.43	18.25	17.30
Number years house mortgage to run	5	3.46	7.30	4.77
Keep account in ledger	1	9.01	9.65	
Keep cancelled checks	1	13.44	20.82	43.57
Keep records for income tax	3	3.85	7.55	13.15
Keep records for personal use	3	3.58	4.69	7.08
Like to keep records	3	2.84		5.94
Only method ever used or habit	3	3.02		5.96
Satisfaction with:				
Savings	3	9.01	8.97	10.02
Ability to meet emergency	3	15.01	12.04	12.98
Retirement plan	3	6.82	3.23	
Ability to pay long-term debts	3	14.74	8.71	4.71
Amount of personal insurance	3	14.21	5.38	6.27
Amount of property insurance	3	9.97	3.32	4.65
Ability to meet medical expenses	3	14.55	7.33	8.11
Method of payment for planned purchases	8	3.30	3.61	
Reason for method of payment	8	2.48	2.90	
Preparation for emergency	7	3.39	4.80	4.13
How to get money for emergency	8	5.34	5.58	9.74
Type insurance for retirement	7	5.35	5.63	5.19
Type investment for retirement	8	4.61	17.45	14.35
What would do about financial crisis	8	4.91	5.57	9.83
Amount of money would have for a crisis	14	9.80	2.25	2.91
Husband's income	21	35.54	5.29	1.77
Face value of insurance	51	4.95	2.08	
Cash value of insurance	16	7.63	8.01	5.48
Per capita living cost	17	17.37	5.07	4.51
Farm income	17	5.44	11.62	3.56
Per capita income	18	28.09	7.85	7.58
Husband's occupation	10	6.79	7.52	5.91
Total living cost	21	28.10		1.61
Received benefits from hospital insurance	9	2.23		2.12

APPENDIX TABLE 10D. FACTORS FOUND NOT TO BE SIGNIFICANTLY RELATED TO EITHER INCOME OR NET ASSETS

Area	Amount received from hospital insurance
Kept card files	Amount paid on each item (for which indebtedness incurred)
Satisfaction with family financial planning	Amount owed on each item (for which indebtedness incurred)
What plan to buy	Amount down payment each item before 9-1-60
Social security	Amount paid on present indebtedness before 9-1-60
Other plans for retirement	

APPENDIX TABLE 11. SELECTION OF SAMPLE FROM RURAL POPULATION IN EACH OF THE SAMPLE AREAS

Area	Number of families White	Number of families Colored	Number of families Total	Percent of total sample from each area	Number of families needed	Percent families needed White	Percent families needed Colored	Number of families to be interviewed White	Number of families to be interviewed Colored
					Blacklands				
I	12,353	435	12,788	38	95	97	3	92	3
II	9,495	1,094	10,589	31	78	90	10	70	8
III	9,302	1,233	10,535	31	77	88	12	68	9
Total	31,150	2,762	33,912	100	250			230	20
					East Texas				
I	12,085	2,038	14,123	29	72	86	14	62	10
II	8,395	2,464	10,859	22	55	77	23	42	13
III	7,714	2,542	10,256	21	53	75	25	40	13
IV	9,519	4,269	13,788	28	70	69	31	48	22
Total	37,713	11,313	49,026	100	250			192	58

APPENDIX TABLE 12. FAMILY CHARACTERISTICS OF 500 RURAL FAMILIES IN FOUR EAST TEXAS AND THREE BLACKLAND COUNTIES

Length of marriage No. of Years	No.	%
Less than 5	41	8
5-10	81	16
11-15	91	18
16-20	67	13
21-25	64	13
26-30	79	16
31-40	74	15
41 or more	3	1
Total	500	100

Total family members No. persons	No.	%
2	118	23
3	100	20
4	145	29
5	90	18
6	29	6
7	14	3
8 or more	4	1
Total	500	100

Mobility—past 10 years No. places lived	No.	%
1	187	38
2	139	28
3	81	16
4	36	7
5	17	3
6	10	2
7	12	2
8 or more	18	4
Total	500	100

Age of head	No.	%
Under 30	56	11
30-34	77	16
35-39	65	13
40-44	61	12
45-49	83	17
50-54	82	16
55-59	76	15
Total	500	100

Per capita living cost	No.	%
Under $600	72	14
$600-899	147	29
$900-1,399	178	36
$1,400-1,999	67	13
$2,000-3,999	33	7
$4,000 & over	3	1
Total	500	100

Family debts Amount of debts	No.	%
None	185	37
Under $50	8	2
$50-499	102	20
$500-999	30	6
$1,000-4,999	115	23
$5,000-9,999	37	7
$10,000-19,999	18	4
$20,000 & over	5	1
Total	500	100

Education of head No. of years	No.	%
No education & NA[1]	6	1
8th grade or less	127	25
Some high school	132	26
High school grad	158	32
Some college	48	10
College grad	19	4
Post college	10	2
Total	500	100

Homemaker's income Amount of income	No.	%
None	345	69
Under $50	13	3
$50-199	36	7
$200-999	42	8
$1,000-2,499	48	10
$2,500-3,499	11	2
$3,500-4,999	4	1
$5,000 & Over	1	[2]
Total	500	100

Family living cost	No.	%
Under $899	3	1
$900-1,399	8	2
$1,400-1,999	28	5
$2,000-3,999	279	56
$4,000-4,999	97	19
$5,000 or over	85	17
Total	500	100

Age of homemaker	No.	%
Under 30 years	102	20
30-39	142	28
40-49	153	31
50-59	103	21
Total	500	100

[1]NA indicates "no answer."
[2]Less than 1 percent.

Texas Agricultural Experiment Station

Texas A&M University
College Station, Texas 77843

R. E. Patterson, Director-Publication

Postage Paid
U. S. Department of Agric