Portrait of Financial Security
Methodology

Data

The data reported in this interactive were collected in the Survey of American Family Finances conducted by The Pew Charitable Trusts.

The survey was administered to a nationally representative panel between Nov. 6 and Dec. 3, 2014. Including oversamples of black and Hispanic respondents, the total sample size was 7,845. Survey firm GfK collected the data on behalf of Pew and administered the computer-based questionnaire in English and Spanish. The measures for income, education, race, and marital status come from the early 2014 edition of an annual survey that GfK fields of its entire panel to capture changes in demographics over time.

All data reported in this interactive were weighted. For clarity of analysis, respondents who chose not to answer a question were excluded from the statistics generated for that item. As is typical in computer-based surveys, missing data were most common when respondents failed to answer something they felt did not apply to them, such as "other" in a list of questions. Overall, item nonresponse for the survey as a whole was 2.2 percent.

Additional details about the survey and its methodology are available at http://www.pewtrusts.org/~/media/assets/2015/03/fsm-poll-results-methodology_artfinal_v2.pdf.

Methods

"Portrait of Financial Security" explores how the intersection of various demographic characteristics relates to family financial security. The analysis examines distinct household typologies by studying education, race, presence of children, and whether the household is headed by a single person or a couple. These demographic characteristics yielded an initial set of 24 household types.

However, the analysis includes only households for which data were available for all of the studied household characteristics. In addition, to improve the accuracy of the data reported, household types with fewer than 95 unweighted cases were excluded, with one exception: net worth for Hispanic college-educated couples without children (for whom there are 87 cases). Consequently, 17 of the original 24 household typologies are included in the final interactive, and seven were omitted because of sample size limitations.[1]

Definitions and terms

Income

Income is defined as inflows of money to a household from all sources, including wages, Social Security earnings, and rental income. Survey respondents were asked to reaffirm the income they reported in early 2014, and the variable was updated to reflect any differences.

Wealth

Wealth is the total assets a household owns, including the money in checking and savings accounts, retirement savings, and property, minus total debts, such as balances owed on credit cards, mortgages, or property loans. The wealth variable was constructed from responses to questions about the value of specific assets and liabilities each household reported owning. Respondents who chose not to respond for any component of wealth are treated as missing in the overall measure.

Liquid savings

Liquid savings is a term developed by Pew staff that aggregates the money participants reported having in savings or checking accounts, cash saved at home, and the value of unused prepaid cards. Households can access these funds quickly and at very low cost. The liquid savings variable was constructed from responses to questions on the value of these assets. Respondents who chose not to respond for any component of liquid savings are treated as missing in the overall measure.

Savings

When respondents were asked questions about savings, they were not given a definition. Survey participants were free to include or exclude any assets they thought of as savings. This approach captures differences in how people categorize money and accounts. Respondents were asked, "Does your household have any money set aside that you consider savings (yes/no)?"

Education

The college degree category was measured according to whether the respondent held a bachelor's degree. Those with associate degrees or some college coursework are not included in this measure.

Race

The race variable was created using survey respondents' self-reported race, and respondents could select as many races as they wished. Respondents who indicated that they were of Hispanic or Latino descent were categorized as Hispanic, regardless of any race indicated. Non-Hispanic respondents who selected more than one race were placed in the other, non-Hispanic category. Respondents were categorized as white, non-Hispanic; black, non-Hispanic; Hispanic, any race; or other, non-Hispanic. Because of small sample sizes, the other, non-Hispanic respondents were not included in the analysis.

Marital status

A household was categorized as a couple if the respondent indicated that at the time of the survey, he or she was married or living with a partner. Households were considered single if the respondent indicated that he or she was widowed, divorced, separated, or never married.

For respondents who did not provide a relationship status in late 2014, their early 2014 answers were used to fill in the gaps.

Presence of children

When respondents reported living with one or more children under the age of 18, their households were categorized as "with children." Respondents' adult children (those over age 18) and children not living in the household are not accounted for in this measure.

Attitudinal questions

In addition to reporting levels of income, wealth, and liquid savings for each household type, the interactive highlights three questions about respondents' perceptions of their households' financial situations. Respondents were asked, "Which best describes your household's income each month (income is about the same each month/income varies somewhat from month to month/income varies a lot from month to month)?" "How would you rate your household's financial situation today (excellent/good/only fair/poor)?" "How often do unexpected expenses make it hard for your household to save money (never/rarely/some months/most months/just about every month)?"

Endnote

1   Due to sample size limitations, college-educated singles with children were omitted for all races. In addition, the household types black and Hispanic college-educated couples with children, Hispanic non-college-educated singles with children, and Hispanic college-educated singles without children were too small to report findings.

For additional information, please visit:

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