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**Results from a Cognitive Interview Evaluation of Proposed
New Questions on the Value of Annuities and Trusts and
Existing Questions on the Cash Value of Life Insurance**

Aniekan Okon¹
Timothy Gilbert¹
Jeffrey Moore²

Demographic Surveys Division¹
Statistical Research Division²
U.S. Census Bureau
Washington, DC 20233

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Aniekan Okon and Timothy Gilbert
Demographic Surveys Division
US Census Bureau

and

Jeffrey Moore
Center for Survey Methods Research
Statistical Research Division
US Census Bureau

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Executive Summary

Proposed new questions on the value of annuities and trusts, and existing questions on the cash value of life insurance, were tested. One round of cognitive interviews was conducted with respondents who had certain financial assets, thirteen of whom lived in the Washington, DC metropolitan area, while one respondent was interviewed over the phone. The results of the interviews showed respondents struggled with certain concepts or questions within the survey. Major findings are as follows:

- The “annuity” question as it stands tends to elicit reports of out-of-scope, pension/retirement-type accounts. We propose the inclusion of a brief “do not include” statement in the question text to help avoid this problem, as in the Survey of Consumer Finances (SCF).
- The “trust” concept seems well understood, but there are difficulties with its sister concept “managed investment accounts.” We propose splitting the current combined question so that each type is asked about separately. We also propose new wording for the “managed investment accounts” question to help ensure that respondents interpret the phrase as intended - that is, as a specific investment vehicle, and not as a broad category label.
- Screening is another possible approach to solving respondents' problems in correctly reporting their annuities, trusts, and managed investment accounts, although the specifics of such an approach are beyond the scope of the current research project. The idea would be to identify the defining characteristics of annuities, trusts, and managed investment accounts as a category of income-producing vehicles, and then to develop “plain English” descriptions of those characteristics, which could be used to screen people into or out of the detailed questions, as appropriate.
- Because of the possibility of joint ownership, questions about the cash value of an annuity or trust for an individual must communicate the concept of the person’s *share* of the cash value. In our study, however, use of the word “share” tended to elicit reports in percentage terms, rather than dollar values. We propose alternative wording to avoid this problem.
- Many respondents are unfamiliar with the different types of life insurance and their labels. The new focus in the 2004 panel on ‘cash value’ rather than ‘face value’ raises the importance of being able to make the distinction. Based on the current research, merely changing the word ‘face’ to ‘cash’, as was done in the 2004 panel, is not sufficient. We propose the addition of an explanatory introduction to the question - again, drawing on SCF’s experience.

Recommendations for instrument changes were based on the cognitive interview results. Please note, however, that this research is qualitative in the extreme. All findings and conclusions are based on a very small and non-representative set of respondents, and thus need to be viewed with appropriate caution. It should also be noted that this report proposes solutions that are believed to have a good chance of solving the observed problems, and thus further testing is recommended for any changes.

1. Background and Methodology

In looking to improve on data collected concerning people's wealth, the Social Security Administration (SSA) sponsored a project that was coordinated by the Housing and Household Economic Statistics Division (HHES) to cognitively test new ways to ask wealth related questions. Census Bureau staff members from the Center for Survey Methods Research (CSMR) took the lead, with the assistance of HHES and Demographic Surveys Division (DSD), in developing the new wealth related questions.

The questions that were tested borrowed heavily from those used in the Federal Reserve Board's Survey of Consumer Finances (SCF). The one round of testing consisted of 14 cognitive interviews and was conducted between April 5, 2006 and June 29, 2006. The cognitive interviews were conducted using abbreviated versions of the Assets and Liabilities Topical Modules screens, developed by HHES and CSMR (a copy of each cognitive interview questionnaire is attached to this report). On average, interviews lasted just over 30 minutes. The shortest interview lasted about 15 minutes and the longest lasted about 55 minutes.

The recruitment criteria for the test required that the respondents be over the age of 16 and have certain financial assets. It should be noted that the recruiting for this special set of respondents, despite the hard work of the recruiter, yielded very few true owners and/or recipients of annuities and/or trusts, so all conclusions are based on a very small number of respondents and need to be treated with special caution. Respondents were recruited through internal "Broadcast Messages," personal contacts, and an existing internal database. Most respondents (13 out of 14) were recruited and interviewed locally (in the Washington, DC, Maryland and Virginia regions), while one respondent was recruited and interviewed over the phone. Of the fourteen respondents interviewed, ten reported having life insurance, four reported owning an annuity, and seven reported owning either a trust or a managed investment account. Of the respondents, nine were female, and five were male. A vast majority of them were white and middle-aged to retirement-age.

Prior to the start of each interview, participants were asked to "think aloud" and verbalize their thought processes as they responded to the questionnaire. To facilitate that process and ensure that specific areas of interest were covered, interviewers followed a standardized protocol, which contained the new questions being tested immediately followed by a list of probes. The probes were developed to elicit specific information from respondents such as their interpretation of the questions (often obtained via paraphrasing), how they came up with their answers, and their understanding of specific terms or phrases. Interviewers also probed when respondents appeared confused or hesitated responding, regardless of whether or not the item in question was one of the new items being tested. With the participants' written permission, interviews were audio taped to facilitate analysis and reporting of results.

2. Results and Recommendations

2.1 “New” Questions on the Value of Annuities and Trusts

QUESTION AS TESTED

18. Do you receive income from, or have assets in, an annuity? <H>

DO NOT INCLUDE JOB PENSIONS OR OTHER RETIREMENT ACCOUNTS.
READ IF NECESSARY:

An **ANNUITY** is an investment that pays out a stream of income for a specified period of time. Life insurance companies are common sellers of annuities. There are two main types of annuity. In a **FIXED-RATE ANNUITY** the amount of the pay-out is specified in advance and guaranteed. The pay-out from a **VARIABLE-RATE ANNUITY** depends on the earnings generated by the investment.

COGNITIVE INTERVIEW RESULTS

All fourteen respondents received this question, four answered “yes,” nine answered “no,” and one answered, “don’t know.”

There was some confusion in deciding what exactly should be considered an annuity, specifically in the case of a retirement-type annuity from a job. About half of the respondents defined an annuity as something that you could receive or possess from a job as a retirement-type account. Two respondents had money in a Thrift Savings Plan (TSP) through their employers, which is partially composed of or paid out as an annuity. One respondent wanted to say “yes,” referring to his TSP account, but decided to answer “no” after hearing the interviewer note directly below the question. The other respondent answered “yes,” and later revealed that some of her annuities came from her TSP. A couple of respondents, one who was pretty sure she had an annuity, reported receiving the annuity through their husbands’ jobs.

The other half of the respondents correctly defined an annuity as something that you have to buy on your own from insurance companies or an investment brokerage house. Some of these respondents also stated that a person could have an annuity through an employer as a retirement account.

Almost every respondent also included in his or her definition the idea that an annuity is a regular payment that a person receives.

Of the four respondents who reported owning an annuity mistakenly, three reported retirement accounts provided by employers rather than the type of privately purchased annuity that this question is asking about, and all four refer to these payments as annuities.

RECOMMENDATION

Change the question wording to read...

Do you receive income from, or have assets in, an annuity? Please do not include job pensions, other retirement accounts, or any assets I have already recorded. <H>

Furthermore, due to the observed confusion over the intended definition of an annuity (as well as trusts and managed investment accounts) in this survey, screening procedures might prove effective in reducing the number of incorrect reports of asset ownership. While the specifics of such an approach are beyond the scope of the current research project, the idea would be to identify the defining characteristics of annuities (as well as trusts and managed investment accounts) as a category of income-producing vehicles, and then to develop "plain English" descriptions of those characteristics, which could be used to screen people into or out of the detailed questions, as appropriate.

QUESTION AS TESTED

19. What is your yearly income from these annuities?

IF JOINTLY HELD, REPORT ONLY THIS PERSON'S SHARE.

COGNITIVE INTERVIEW RESULTS

All of the four respondents who received this question defined income as “money coming in” or the amount of money they “have to live off of.” None of them seemed to have any trouble either understanding the intent of this question or answering this question by providing a yearly income amount.

Please note that this item is not necessary for calculating a measure of overall wealth, and may in fact already have been answered in the income section in a “real” SIPP interview. We included it in the cognitive interview because it seemed easy and natural to do so, because it is included in the SCF, and because we thought it might help define for the respondent, by way of contrast, the primary concept of interest – cash value of annuities.

RECOMMENDATIONS

If ever used, keep question as is. We observed no problems.

QUESTION AS TESTED

20. Are any of these annuities set up so that you are legally entitled only to the income, and not any of the equity? <H>

COGNITIVE INTERVIEW RESULTS

Of the four respondents who answered this question, two said “yes,” and two said “no.”

All four respondents defined income as money that they get on a regular basis, and equity as what they’ve accumulated or what the investment is worth.

RECOMMENDATIONS

Keep question as is. We observed no problems.

QUESTION AS TESTED

21. **Do you [also/...] have annuities in which some or all of the equity belongs to you? <H>**

COGNITIVE INTERVIEW RESULTS

One respondent, out of three who answered this question, had trouble answering, and eventually said, “don’t know,” because her annuity is a retirement plan from the federal government and will only pay her throughout her lifetime, which is why she thought she did not have any equity in the annuity. This respondent was probably referring to an annuity that is out of scope for this question because it is a retirement plan, and should not have been included in this question in the first place. The other two respondents did not appear to have any trouble understanding or answering.

RECOMMENDATION

Keep question as is. There are no changes necessary.

QUESTION AS TESTED

22. As of the last day of [fill LAST MONTH], what was your share of the total dollar value of these annuities (in which you own some or all of the equity)?

COGNITIVE INTERVIEW RESULTS

One respondent had to guess her share as fifty percent of her husband's annuity, which she guessed as "\$150,000," but said that she would be able to access exact numbers through her records easily. This respondent thought the question was asking "upon divorce or death, how much of [the annuity] she could claim for her own living expenses." The one other respondent who was asked this question refused to give an answer.

RECOMMENDATION

The way the question is worded seems to have led this one respondent to think about percentages rather than amounts initially, which might be indicative of a larger problem. With that in mind, it is recommended that the wording be modified, as suggested below:

As of the last day of [fill LAST MONTH] what was your share, in dollars, of the total value of these annuities (in which you own some or all of the equity)?

QUESTION AS TESTED

23. Can you give me an approximate amount? Was it...

- ...less than \$10,000?
- ...between \$10,000 and \$50,000?
- ...between \$50,000 and \$150,000?
- ... or more than \$150,000?
- [D/R]

COGNITIVE INTERVIEW RESULTS

The one and only respondent who answered this non-response follow-up question still refused to give even an amount range by answering “R”, and did not think that the amount ranges were sufficiently high to collect any valuable “information because most people who have taken the time to invest in an annuity” would have “more than \$100,000.” However, she was referring to government retirement and thrift savings plans rather than privately purchased annuities.

RECOMMENDATION

Consider increasing the top dollar value and widening the amount ranges in the answer categories.

QUESTIONS AS TESTED

24. Do you [also/...] get income from, or have assets in, a trust, or a managed investment account?

25. ASK IF NECESSARY: Are these trusts, or are they managed investment accounts.

COGNITIVE INTERVIEW RESULTS

This question was asked of all respondents, and seven out of the fourteen respondents said yes to either having just a trust or a managed investment account or both. Most respondents understood the question fairly easily and were able to say what a “trust” or “managed investment account” is. “A trust account is something that is set up by an individual who wants someone to receive either money or withhold money for some period of time, while a managed account is like an investment account where you buy stocks, bonds etc.” Other respondents struggled to understand and/or see the difference between these two terms: “I can’t really tell you what they (trust and managed investment account) were, and the differences between the two of them.”

The main issue however had to do with the term “managed investment accounts.” All respondents who answered this question defined “managed investment accounts” as accounts that are managed for you by someone else. One of the respondents who fell under this example said, “Yes” he had “managed investment accounts” which turned out to be “mutual funds.” So, in this case the respondent should have said “no” to this question.

Two respondents gave what was an appropriate response when asked about “managed investment accounts.” One has been mentioned in the first paragraph above “...while a managed account is like an investment account where you buy stocks, bonds etc.” The other respondent said, “My impression of a managed account. If you have a stock broker or management person handle it (money) for you to make the most amount of money for the least amount of cost.”

RECOMMENDATION

Asking about “managed investment accounts” in the same question with trusts might not elicit the intended response because of the confusion with this term. Therefore, it is recommended that the question be split in two. This will not add another question; rather it will just make the follow-up unnecessary. We also recommend revising the wording of the managed investment account question to make it clear to respondents that the question is asking about a specific investment vehicle rather than a broad category label.

24. Do you [also/...] get income from, or have assets in a trust?

25. How about something called a managed investment account? (Do you [also/...] get income from, or have assets in, a managed investment account?) Again, do not include job pensions or any other assets that I have already recorded.

QUESTION AS TESTED

26. What is your yearly income from these [trusts / managed investment accounts / accounts]?

COGNITIVE INTERVIEW RESULTS

Five respondents out of the six who got to this screen reported amounts. The one respondent who did not give an amount has her money rolled over every year. From the respondents who gave amounts, two gave ranges/estimates while one respondent gave a symbolic answer of \$1 because he did not feel comfortable saying how much he received yearly from the trust. In a real interview he still would not have given an actual amount.

Generally, respondents understood what the question was asking and understood what the word income meant. One respondent said the question wanted to know whether her investment was profitable or not and that income in the question refers to what is taxed by the government.

Another respondent said the question wanted to know what his income was “like if I got interest from a bond...that interest will be income from the bond.” The same respondent said the word income in the question was referring to “cash”.

Please note that this item is not necessary for calculating a measure of overall wealth, and may in fact already have been answered in the income section in a “real” SIPP interview. We included it in the cognitive interview because it seemed easy and natural to do so, because it’s included in the SCF, and because we thought it might help define, by contrast, the primary concept of interest – cash value.

RECOMMENDATION

We observed no problems with this question and recommend keeping this question. Note that the fill to be used in Q26 is determined by the responses to Q24 and Q25, and that Q26 is constructed to capture data -- in this case, yearly income -- about all trusts and managed investment accounts combined. (The same general format is also used in Q27, Q28, and Q29)

QUESTION AS TESTED

27. Are any of these [trusts/managed investment accounts/accounts] set up so that you are legally entitled only to the income, and not any of the equity?

COGNITIVE INTERVIEW RESULTS

This question elicited one “yes” response out of the six respondents who were asked. Respondents understood what this question was asking, which was obvious from their responses. The interviewer probe asked the difference between income and equity, and for the most part respondents knew the difference.

One respondent said, “Income can build up your equity. Equity is just a way of saying value that you own, actual value, stuff you can sell today that is equity. Income is how much is coming.” Another respondent said, “the income will be cash that you are getting as opposed to the equity which would be the appreciation of the stock.”

There was, however, a respondent who did not think the word equity was appropriate for the question. “The question should be asking the meaning/difference between principal and income. The principal is what is invested in an account when an individual receives only the interest from a managed account. They cannot receive the principal at any time, while the income from the principal is what you could spend.” This respondent is an accountant, which must have contributed to her response.

RECOMMENDATION

We observed no problems with this question and recommend keeping this question. We are following SCF’s experienced example of wording this question by not changing the use of the word “equity” We also feel that the word “equity” does a better job of conveying the concept of ownership, and therefore, the respondent’s stake in the investment. Note that the fill to be used in Q27 is determined by the responses to Q24 and Q25, and that Q27 is constructed to capture data -- in this case, the presence of any income – only for trusts/managed investment accounts. (The same general format is also used in Q26, Q28, and Q29.)

QUESTION AS TESTED

28. Do you [also/...] have [trusts / managed investment accounts / accounts] in which some or all of the equity belongs to you?

COGNITIVE INTERVIEW RESULTS

There was no problem with this question. One respondent got this question, and said “yes.” No probes were conducted for this respondent.

RECOMMENDATION

We observed no problems with this question and recommend keeping this question. Note that the fill to be used in Q28 is determined by the responses to Q24 and Q25, and that Q28 is constructed to capture the presence of any trusts/managed investment accounts in which the person owns some equity. (The same general format is also used in Q26, Q27, and Q29.)

QUESTION AS TESTED

29. As of the last day of [fill LAST MONTH], what was your share of the total dollar value of these accounts (in which you own some or all of the equity)?

COGNITIVE INTERVIEW RESULTS

All the respondents who got to this screen were able to give amounts either as estimates or actual values. One respondent who gave an amount was not really confident of the ballpark figure given because he has different accounts and it was “hard for him to get a handle on which was which.”

There were some respondents who first started out by giving percentages and from those were able to give amounts. This thought process was also reflected in a response to a probe asking what the question was asking in which a respondent said, “what percentage of the investments I own.” A respondent who was thinking about a percentage started off reporting a percentage, and was confused when asked to give an amount. Another respondent had to think back to what the rate of return on her investment was before she could give an amount. The respondent who gave his share as \$1 also thought of his share in terms of a percentage.

Respondents were also probed on their willingness or ability to produce statements or records if needed, and every respondent said they would be able to provide records showing the amounts in question. Those who did not have physical access to the statements at home said they were willing to go online to access the information.

RECOMMENDATION

The way the question is worded seems to have led respondents to think of percentages before amounts. Since the goal is to capture the dollar amount, it is recommended that the wording of the question be modified so that when respondents hear the question they know right away that we want amounts. Please see suggested wording below. Note that the fill to be used in Q29 is determined by the responses to Q24 and Q25, and that Q29 is constructed to capture the person’s share of the cash value of all trusts/managed investment accounts he/she owns some of the equity. (The same general format is also used in Q26, Q27, and Q28.)

As of the last day of [fill LAST MONTH], what was your share, in dollars, of the total value of these [trusts/and/managed investment accounts] (in which you own some or all of the equity)?

2.2 SIPP 2004 Panel Questions About the Cash Value of Life Insurance

Questions 11 through 17 comprise a series of questions aimed at ascertaining the cash value of any and all life insurance policies that the respondent might own. Unlike the original version of this question series, in this version question 12, which asks for the type of insurance, has been moved ahead of question 14, which asks the cash value of all insurance policies, to act as a screener to filter out those respondents who do not have any cash value associated with their life insurance policies. Labels in brackets (e.g., “[AL07G]”) indicate screen names in the SIPP 2004 version of the Assets and Liabilities topical module.

QUESTION AS TESTED

**11. As of the last day of [fill LAST MONTH], did you have any life insurance?
Include group policies provided by employers. [AL07G]**

COGNITIVE INTERVIEW RESULTS

All fourteen respondents were asked this question where ten answered ‘yes,’ and four answered ‘no.’ None of the respondents seemed to have any trouble understanding or answering the question, but two thought that the phrase, “Include group policies provided by employers,” made the question more confusing. One of these two thought that “other people” might get confused, and the other thought the phrase made the question more confusing and should be split into two different questions, asking “how much you personally own in life insurance and how much your employer provides.” However, five other respondents thought the phrase made the question clearer, and two said that it didn’t make a difference in their answer at all.

Three respondents mentioned that the operative part of the phrase, “Include group policies provided by employers,” was the last part that says “...provided by employers” and that “...group plans...” might confuse some people by making them think “you’re talking about Allstate or Geico or something else as being the group as opposed to being a Federal employee group or military group.” Another respondent said, “‘by employers’ almost signifies...it is some sort of a group benefit.”

RECOMMENDATION

Consider removing the word “group” from the phrase “Include group policies provided by employers.”

QUESTION AS TESTED

12. What type of life insurance did you have – was it “term insurance,” “whole life,” or did you have both types? <H> [AL07I]

COGNITIVE INTERVIEW RESULTS

At this question, four people answered that they had “term” insurance only, two people answered that they had “whole life” only, and four people answered that they had both “term” and “whole life.” No one reported having “universal life” insurance, which is written in parentheses alongside the “whole life” answer category.

Every respondent who was asked this question had heard of “term” insurance before and the majority, eight of them, said they knew the meaning of “term” insurance, which almost always consisted of a definition referring to a time period. Respondents made comments such as, “...for a period of time,” “there’s an end to it,” “...has a year number associated with it,” and “...for a set period.” One respondent commented that term is “basically...earning cash value,” which is incorrect, while another respondent said, “term is no cash value insurance.”

Every respondent had also heard of “whole life,” and seven of these ten had a definition for this type of life insurance. Most respondents defined this type of insurance as having a cash value that accrues or accumulates over time that can be borrowed against or paid out. One respondent defined this type of insurance as going “for the whole life.”

When probed on “universal life” insurance four respondents said they had heard of this particular type of insurance, and another four thought they might have heard of this type of insurance. Only one of these respondents had a confident definition, which was that “universal life is a fixed premium that eventually has a cash value, but the individual has to outlive it.” One other respondent said that “it sounds like a whole life policy,” and another said that it’s basically another way to save money or an investment.

RECOMMENDATION

While most respondents seemed confident in deciding the type of insurance they owned they did not always know exact and confident definitions of the different types of insurance. Because of this uncertainty, we first recommend adding a short explanatory note before asking the question, such as the following text that the SCF uses:

“The two major types of life insurance are term and cash-value policies. Term policies pay a benefit if the insured person dies, but otherwise have no value. They are often provided through an employer or union, but may also be bought by individuals. Cash-value policies also pay a death benefit, but differ in that they build up a value as premiums are paid. Other names for types of cash value policies are “whole life” and “universal life.””

Second, if it is necessary or desirable to collect information on both types of life insurance separately, then ask Question 12 with the wording below:

12. **What type of life insurance did you have? Was it term, with only a death benefit and no cash value, or was it whole life, the kind that does build up a cash value?**

If there is no need to collect information on both types separately, then ask Question 12 with the wording below...

12. **Did you have any life insurance policies with a cash value?**

QUESTION AS TESTED

13. Did any of your life insurance policies have a cash value, which would be paid to you if you cashed in the policy before you died?

COGNITIVE INTERVIEW RESULTS

This is the only new question in the life insurance series, and is only supposed to be asked of people with non-responses to question 12 (answers of “D” for “Don’t know” or “R” for “Refused”). However, three respondents were incorrectly asked this question due to interviewer error. Two of these respondents answered, “both term and whole life insurance,” and the other answered, “term insurance only” at question 12. The two respondents with “both types” answered “yes,” and the one with “term only” correctly answered “no” to having a cash value with her life insurance policy.

None of the three respondents seemed to have any trouble understanding or answering this question.

RECOMMENDATION

With the addition of the recommended explanatory text before Question 12, this question would become redundant and unnecessary. Thus, Question 13 should be deleted. We did not observe any problems with the wording for Question 13. Should the recommendation for Question 12 not be accepted, we recommend keeping the question wording.

QUESTION AS TESTED

14. **As of the last day of [fill LAST MONTH], what was the CASH VALUE of ALL of the life insurance policies that you had? <H> [AL07H]**

(N) No cash value; zero dollars

COGNITIVE INTERVIEW RESULTS

Seven respondents – those who reported holding “whole life” policies – were asked this question, and most didn’t have any trouble other than not knowing the exact amount because they didn’t have their records handy at the time. Some respondents understood the “cash value” as the amount they would get if they cashed the policy in early, while others saw it as the amount of money that they could access at any given time, or as cash on hand. One respondent owned equity in the two insurance companies with whom he owned insurance policies. He reported the value of the stock he was issued when these companies became publicly traded as the cash value.

RECOMMENDATION

Consider adding an optional follow-up note in parentheses to help some respondents understand the question better.

14. **As of the last day of [fill LAST MONTH], what was the CASH VALUE of ALL of the life insurance policies that you had (that is, if you’d cashed in all those policies on [fill LAST MONTH] [28th/29th/30th/31st], how much money would you have gotten)? <H> [AL07H]**

(N) No cash value; zero dollars

QUESTION AS TESTED

15/17. Were any of your life insurance policies provided through your current employer? [AL08A]

COGNITIVE INTERVIEW RESULTS

In the cognitive interview questionnaire, this same question is asked in two different places of two different groups of respondents. Respondents who only have “term” life insurance skip over questions 15 and 16 and are asked question 17, which prevents them from incorrectly reporting a cash value of a plan provided by an employer at question 16.

Of the nine respondents who received question 15, six answered “yes” and three answered “no.”

Four of the six respondents who said “yes” actually did not receive the reported life insurance through their current employer. Three were retired and received the life insurance through their employer while they were still employed, and one reported life insurance that was provided through her husband’s employer.

One respondent was asked question 17, and answered “yes.” He has life insurance that is provided through his current employer along with some plans that are not.

RECOMMENDATION

No change needed because most of the problems that arose at this question originated in the fact that some respondents were retired and received their insurance through a previous employer. This will not be a problem in an implementation of this question in a production survey if respondents of this question are screened in or out based on employment status.

Keep the new path for questions 15, 16, and 17.

QUESTION AS TESTED

16. **What was the CASH VALUE, if any, of those policies (the ones provided through your current employer)?** <H> [AL08B]

(N) No cash value; zero dollars

COGNITIVE INTERVIEW RESULTS

Three respondents were asked this question, one reported no cash value, and two answered, “don’t know.” One respondent who didn’t know the cash value thought this question was asking the same thing as question 14 which was, “what was the cash value of [his] insurance.” The respondent obviously did not make any distinction between all of his life insurance policies and the ones provided through his current employer. The other respondent answered, “don’t know” because the insurance policy comes from her husband’s employer, but it covers her and the rest of their immediate family.

RECOMMENDATION

Emphasize the type of insurance policies that this question is asking about. Recommend changing the question wording to...

What was the CASH VALUE, if any, of the policies provided through your current employer?

2.3 General Issues

Reference Date; “as of the last day of [fill LAST MONTH]

COGNITIVE INTERVIEW RESULTS

The test questionnaire was designed for a SIPP application, which meant that for certain questions, respondents were asked to think back to the last day of the preceding calendar month, basically asking them to put a date stamp on some of their answers. All questions that asked about dates used the same reference period. During probing, respondents were asked if, while answering the questions, they focused on a specific date in the month, or if they were just talking in general, or even if they noticed the use of the date in the questions at all.

Some of the respondents who mentioned that they focused on a specific date also had some kind of event attached to that date, such as the end of a financial quarter or the payment of taxes, which made it easier to remember amounts. One respondent said the [March] date in particular was good because they do their taxes in March, and they get very specific with the IRS. Two other respondents mentioned that since the [March] date corresponds with the end of the first quarter in financial circles when they get their statements, the amounts/figures are still fresh in their minds.

Other responses from the respondents could not be put in particular groups. They varied from one respondent to another. One respondent who was probed on whether he noticed the date or not responded by saying, “Dear God, did I ever...perhaps they could say at the beginning of the interview ‘This is all in reference to the end of March.’” For this particular respondent nothing had really changed from the end of the previous month. Another respondent said that going back just a month was good because people would not remember much about anything earlier.

RECOMMENDATION

Depending on the context of whatever survey these questions may be in, it is recommended that the reference month correspond with a meaningful date, either the end of a financial quarter or maybe a tax season.