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**Evaluation of Questionnaire Design Changes  
on Life Insurance Policy Data  
Product No. 5, Interagency Agreement (IAA) BC-06-05**

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## Executive Summary

In response to recommendations made in the report “Survey Estimates of Wealth: A Comparative Analysis and Review of the Survey of Income and Program Participation” (2003), the Census Bureau changed the way life insurance data are collected in the Wealth Topical Module of the Survey of Income and Program Participation (SIPP). Instead of asking for the face value of life insurance policies, the questionnaire was revised to collect information on the cash value of life insurance policies. In fulfillment of Goal 5 of Interagency Agreement (IAA) BC-06-05 between the Social Security Administration (SSA) and the U.S. Bureau of the Census, the Census Bureau evaluated the impact of the questionnaire change on the resulting collected life insurance data.

This report, which is Product No. 5 of the IAA, describes the revised life insurance data collection methodology, and assesses the results of a comparison between its outcomes (wave 3 of the 2004 panel) with those of the past approach (wave 3 of the 2001 panel). Major findings are as follows:

- (1) Data from the 2001 and 2004 SIPP panels indicate that the current SIPP life insurance cash-value questions are capturing a mix of face and cash values. Although about one-third of term policyholders appear to have reported correctly, the majority of term policyholders most likely provided their policy’s face value either because they misunderstood the type of policy they owned, the features of their term life insurance policies, or they did not correctly perceive the intent of the cash value question. In regard to whole-life policyholders, there is some positive evidence – for example, the low frequency of zero dollar amount reports, the high level of “do-not-know” response, and the similarity of the results for people who only had whole-life policies with the results for those who owned both types (and who, therefore, are more likely to understand the distinction between the different policy types, and between face and cash values) – to suggest that these respondents understood the task as one of providing a cash value. However, underlying the overall data is the considerable presence of policy type misclassification error on the part of respondents (as documented in cognitive interviews).
- (2) The data show that the rate at which respondents did not provide a value for the life insurance question increased between 2001 and 2004, as expected, given the less salient nature of cash value concepts. This increase is particularly evident when the data are disaggregated by policy type, with the percentage of “do-not-know” responses from whole-life policyholders contributing the vast majority of the increase in the overall rate of respondents not providing a value.
- (3) For life insurance policies as a whole, median and mean values decreased from 2001 (face value) to 2004 (cash value), as expected, given the differentiation between cash and face value concepts. When disaggregated by policy type, the median value for term policies (excluding respondents who reported a zero dollar amount) remained unchanged, while for whole-life policies the median value decreased. The mean values decreased for both types of policies from 2001 to 2004.

- (4) As expected, the degree to which reported amounts are “rounded” also decreased, particularly in the case of whole-life policies.

Based on these findings, we recommend the following:

- (1) Given that only whole-life policies accrue cash value, a question asking for the cash value of life insurance should only be asked of respondents who own whole-life insurance policies. “Screeners” questions should be employed to target the respondents who own whole-life insurance policies.
- (2) When asking respondents to identify the type of policy they own, the instrument must give specific direction and aid in order to facilitate a correct determination of policy type. Cognitive-interview evidence suggests that the technical labels for the different types of policies are not universally understood. A similar high-level of focused attention must be devoted to capturing cash value, since it is generally not the most understood amount associated with a life insurance policy.

# EVALUATION OF QUESTIONNAIRE DESIGN CHANGES ON LIFE INSURANCE POLICY DATA

Alfred O. Gottschalck and Jeffrey C. Moore

## 1. INTRODUCTION

In 2003, the Social Security Administration commissioned Mathematica Policy Research, Inc. (MPR), to conduct a comparative analysis and evaluation of differences between wealth estimates obtained from the Survey of Income and Program Participation (SIPP), with those from the Survey of Consumer Finances (SCF) of the Federal Reserve Board and the Panel Study of Income Dynamics (PSID).

According to the MPR report “Survey Estimates of Wealth: A Comparative Analysis and Review of the Survey of Income and Program Participation,” several sources of differences in measured wealth were identified as explanations for differences between SIPP and SCF estimates of overall wealth. Among these were coverage and content differences between the surveys.

A specific example of the coverage and content differences identified by MPR is the cash value of life insurance policies of households. The cash value of life insurance policies can be an important component of a household’s overall wealth.<sup>1</sup> In addition, the cash value of life insurance is also important to policymakers who rely on such data as input to determining eligibility for income assistance programs. For example, in defining countable assets under the Supplemental Security Income (SSI) program, life insurance value is measured as cash surrender value, and according to the most recent SCF data, 14 percent of families in the bottom income quintile own cash-value life insurance policies with a median value of \$2,800.<sup>2</sup>

Prior to the 2004 panel, SIPP did not collect the cash value of life insurance policies of households; only the face value of life insurance policies was collected. As a consequence of the above mentioned need for data on cash values, MPR recommended that the Census Bureau ask questions in SIPP about the cash value of life insurance policies instead of the face value. This change was implemented in the 2004 SIPP panel.

This report describes the changes made to the life insurance questions of the wealth topical module, and assesses the results of a comparison between its outcomes (wave 3 of the 2004 panel) and those of the past approach (wave 3 of the 2001 panel). We caution that the absence of an experimental design places limits on our ability to draw firm conclusions from this investigation. While it is sometimes quite evident that the 2004 panel data are afflicted with a problem, it is often impossible to pinpoint the precise nature or cause of the problem.

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<sup>1</sup> Data from the most recent Survey of Consumer Finances indicate approximately 24 percent of families own cash-value life insurance policies, the median value of which is \$6,000 (2004 dollars) (Bucks, Kennickell, and Moore (2006), Table 5B, pages A13-A14).

<sup>2</sup>Bucks, Kennickell, and Moore (2006), Table 5B, pages A13-A14.

Nevertheless, with the assistance of reasonable assumptions, and piecing together information from disparate lines of inquiry, we find that a reasonably consistent story emerges from the results.

The remainder of this report is organized as follows: Section 2 provides a description of the past and present life insurance questions. Section 3 presents the results of a comparison of the past and present life insurance data. Where appropriate, we include findings from a recent qualitative examination of the “cash value” questions, using cognitive interviews. The final two sections provide concluding remarks and recommendations.

## **2. DESCRIPTION OF REVISED LIFE INSURANCE QUESTIONS**

The life insurance section of the wealth topical module questionnaire for both the 2001 and 2004 panels are shown in Appendix A. Essentially, the only substantive difference between the two questionnaires pertains to the question (AL07H) asking about the current value of policies held by respondents, and only a single word of text for that question was changed. For the 2004 panel, “current **face** value” was replaced with “current **cash** value.” For the 2001 panel, the question read:

“What is the current **FACE** value of ALL life insurance policies that you have?”

And for the 2004 panel, the question read:

“What is the current **CASH** value of ALL life insurance policies that you have?”

Minor changes were also implemented in the accompanying “help screen” that could be accessed by interviewers, if necessary.

Note that the above question for the 2004 panel asks for cash values of *all* policies and makes no distinction between whether the respondent’s policy (or policies) is (are) whole-life, term, or a mix of the two policy types. Whole-life policies accumulate a cash value, while term policies do not accumulate a cash value. The question is asked separately for all policies and for those obtained through a respondent’s employer.<sup>3</sup>

## **3. RESULTS**

SIPP collects life insurance data on term and whole-life insurance policies, including policies obtained through employers. The data shown in the following tables are based on un-edited and

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<sup>3</sup>For ease of exposition, separate tabulations for life insurance policies obtained through an employer are omitted from this report. The results for these policies mirror those presented in this report, and tabulations for these policies are available upon request.

un-weighted wave 3 data from each panel. The sample size for the 2004 panel was approximately a third larger than that of the 2001 panel; hence, the larger number of adults aged 15 years or older interviewed for the 2004 panel (78,018 versus 55,207).

Table 1 presents response statistics for the 2001 and 2004 life insurance data. For all life insurance policies (Table 1a), the percentage of respondents “not knowing” the value of their policy (i.e., a response value of ‘D’) was higher for the 2004 panel (25 percent versus 20 percent). This likely reflects the increased probability of a respondent not knowing the cash value as opposed to the face value of their policy (without the aid of records), or more fundamentally, not knowing how the cash value is calculated for their policy.<sup>4</sup> We would expect that respondents are much more likely to know the face value of their policy because of how insurance policies are typically marketed and sold.

In order to investigate this matter further, Table 1b shows response statistics by type of insurance policy (i.e., term or whole-life). Recall, term policies *do not* accrue a cash value, while whole-life policies *do* accrue a cash value, so theoretically, respondents should have less difficulty providing a value for a term policy than for a whole-life policy. For term policyholders, the statistics for respondents not providing an answer are very similar between the 2001 and 2004 panels: total rates are almost identical (18 percent) and the percentages of respondents “not knowing” only differ by 1 percent (14 percent versus 15 percent). However, for whole-life policyholders, the percentage of respondents not providing a value differs significantly between 2001 and 2004. The percentage of respondents not knowing the answer increased from 13 percent in 2001 to 23 percent in 2004, which is consistent with the assumption that it is more difficult for respondents to provide a cash value than a face value of their life insurance policy.

Given that the 2004 instrument allowed a value of zero dollars to be reported, the percentage of respondents who reported zero dollar amounts dramatically increased (see Table 1).<sup>5</sup> For all life insurance policies (Table 1a), approximately 22 percent of respondents reported a zero dollar amount in 2004 compared to essentially no one in 2001. Recall from the above discussion in section 2, the cash value question was asked of *all* policies regardless of whether they were term, whole-life, or a mix of the two policy types. Hence, the large proportion of zero dollar value responses exhibited in the 2004 data is not surprising, if we assume that these zero dollar value responses represent people who only own term policies.

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<sup>4</sup>Recent testimony of James Firman, President and Chief Executive Officer of the National Council on Aging, before the House Committee on Ways and Means on June 14, 2006 provides anecdotal evidence for this assertion: “First, the question on the cash surrender value of a life insurance policy should be eliminated from the LIS (Low-Income Subsidy program administered by the SSA) application. This question is confusing and difficult for seniors and people with disabilities to answer.” <http://waysandmeans.house.gov/hearings.asp?formmode=view&id=4997>

<sup>5</sup>A zero dollar amount was considered out-of-range in 2001 and not allowed as a response. Table 1 shows the number and percent of one dollar reports, the lowest permitted value. We assume that interviewers entered one dollar when a zero dollar entry was rejected by the instrument.

To explore whether the zero dollar value responses in 2004 are predominately from owners of term insurance policies, Table 2 shows the cash value amount reported (i.e., categorized by whether a zero amount or an amount greater than zero was reported) by type of insurance policy owned. As mentioned earlier, term insurance policies *do not* accrue a cash value, so owners of such policies should report a zero dollar value when asked about the cash value of their life insurance policy. However, column (1) of Table 2 shows that almost 52 percent of respondents who only own term policies reported a positive cash value amount even though this amount is theoretically impossible. Only a third of term-only policyholders reported a zero dollar amount. The data in column (1) could also be indicative of respondents misclassifying the type of insurance policy they own.<sup>6</sup>

Moving to column (2) of Table 2 (whole-life insurance policyholders), we see a different response pattern compared with that of term-only policyholders. Whole-life policies *do* accrue a cash value and owners of these policies should theoretically be able to provide a dollar amount. In this case, fewer than 4 percent of respondents reported a zero dollar amount, with the remainder either reporting a positive dollar amount (almost 70 percent) or not being able or willing to provide a value (27 percent). This response pattern fits well with expectations given the cash-value nature of whole-life policies.

The last column of Table 2 shows data for respondents who reported both term and whole-life policies. As expected, the response pattern for these respondents is very similar to that of respondents who reported that they only possess whole-life policies: 3 percent of respondents provided a zero dollar amount, 68 percent of respondents provided a positive dollar amount, and 30 percent of respondents said they did-not-know or refused to answer.

Overall, the results of Table 2 suggest that, although about one-third of the term policyholders understood the task and responded correctly to the cash value question, the majority (52 percent) most likely provided their policy's face value, either because they misunderstood the type of policy they owned, the features of their term life insurance policies, or they did not correctly perceive the intent of the cash value question. The Table 2 results do not permit as clear conclusions concerning the whole-life policyholders. There is some positive evidence – for example, the low frequency of zero dollar amount reports, the higher level of “do-not-know” response, and the similarity of the whole-life-only results with the results for those who owned both types (and who, therefore, are more likely to understand the distinction between the different policy types, and between face and cash values) – to suggest that respondents understood the task as one of providing a cash value. However, underlying the data in Table 2 is the considerable presence of policy-type misclassification error on the part of respondents (as documented in cognitive interviews), leading to reduced confidence that accurate cash values are being collected from respondents. More evidence on the nature and quality of responses is available in a detailed examination of the dollar amounts reported shown in Table 3.

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<sup>6</sup>Cognitive interview results in Okon and Gilbert (2006) also provide evidence of respondent misclassification of insurance policy type.



Table 3a shows average face and cash value dollar amounts (current dollar values) for all life insurance policies. The average amount reported (mean and median) is lower in 2004 than in 2001. This finding holds regardless of whether we include or exclude zero dollar amounts in 2004. The mean face value for the 2001 data is \$149,251 (\$160,624 in 2004 dollars); for the 2004 data the mean cash value is \$93,962 (includes all dollar-amount responses).<sup>7</sup> The 2001 median face value equals \$50,000 (\$53,810 in 2004 dollars) and the 2004 median cash value equals \$20,000 (includes all dollar-amount responses). If we exclude the zero dollar reports in the 2004 data, the mean cash value increases to \$119,974 and the median increases to \$40,000. Data from the most recent Survey of Consumer Finances (SCF) indicate the median cash value of life insurance for families equals \$6,000.<sup>8</sup> The 2004 SIPP median cash value of \$40,000 is significantly higher than the SCF estimate.

The above amounts are irrespective of policy type. Table 3b shows average face and cash value amounts by type of insurance policy owned. Here too we see that average 2004 amounts are less than average 2001 amounts. For term policyholders, the 2001 and 2004 mean amounts are \$169,267 (\$182,165 in 2004 dollars) and \$137,229 (excluding zero dollar reports), respectively. For whole-life policyholders, the 2001 mean is \$77,075 (\$82,948 in 2004 dollars) compared with \$68,472 (excluding zero dollar reports) for 2004. As for median amounts (excluding zero dollar reports), the median did not change between 2001 and 2004 for term policyholders (\$50,000) while the median decreased from \$25,000 to \$20,000 for whole-life policyholders. The 2004 SIPP \$20,000 median cash value for whole-life policyholders is still much higher than the SCF median estimate of \$6,000 (which is for families and not individuals as in SIPP). The difference between the SCF and SIPP estimates is indicative of respondents reporting a face value instead of a cash value and/or misclassifying their policies (as discussed above).

Theoretically, the cash value of a life insurance policy has to be less than or equal to its face value. Therefore, in comparing the 2001 and 2004 data we should expect to see lower mean and median cash values for 2004 compared to the face value data from the 2001 survey. This is the pattern we observe in Table 3. Of particular note are the differences between 2001 and 2004 in the percentile distributions and median values when the data are disaggregated by policy type (Table 3b). For term policyholders (columns 1 and 3), the distribution remained virtually unchanged, while for whole-life policyholders (columns 4 and 6) the distribution did change (albeit modestly), shifting to the left (i.e., respondents reported lower values across the distribution), implying that term policyholders were still providing face values while at least some whole-life policyholders understood the question concept change and provided cash values in response to the 2004 question sequence.

Lastly, we note that cash values are based on formulae that precisely calculate the dollar amount one would receive when the life insurance policy is surrendered (akin to how interest is

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<sup>7</sup>The 2001 dollar amounts were inflation-adjusted using the Consumer Price Index research series (CPI-U-RS). The adjustment factor used is 1.0762.

<sup>8</sup>Bucks, Kennickell, and Moore (2006), Table 5B, page A14.

calculated on a savings account), whereas face values of life insurance are almost always in increments of thousands or tens of thousands of dollars. Therefore, one would expect to see very little “rounding” (or at least a lower prevalence of rounding) of dollar amount responses to thousands or tens of thousands of dollars in the 2004 data compared to the 2001 data. The “Degree of Rounding” section of Table 3a (for all insurance policies) provides very limited evidence for this assertion (columns 1 and 3). The amounts divisible by \$10,000 and \$100,000 are very similar in 2001 and 2004: 65 percent versus 61 percent of amounts are divisible by \$10,000 and 20 percent versus 19 percent are divisible by \$100,000. At best, this lack of difference suggests that respondents did not work very hard to give a precise dollar amount; at worst, it suggests that many respondents reported the wrong conceptual amount (i.e., a face value instead of a cash value).

Again by disaggregating by policy type (Table 3b), we see a different story and one more closely matching our expectations. In examining the 2004 data (columns 3 and 6), we see that the degree of rounding is less for whole-life policyholders than for term policyholders, and the difference is particularly evident for amounts divisible by \$10,000 or greater. The percentage of responses divisible by \$10,000 in 2004 for term policyholders is 69 percent, while for whole-life policyholders it is 50 percent; the percentage of responses divisible by \$100,000 for term policyholders is almost double that of whole-life policyholders (23 percent versus 13 percent).

Furthermore, the “Degree of Rounding” percentages shown in columns 1 and 3 (Table 3b) are almost identical, providing another indication that term policyholders who reported something other than a zero dollar amount were still providing face values. Whereas a comparison of columns 4 and 6 (Table 3b) show differing percentages, suggesting that at least some whole-life policyholders, but certainly not a majority, were recognizing the question concept change (i.e., asking for a cash value instead of a face value in 2004).

Overall, the results from Table 3 suggest that many respondents either did not provide a precise dollar amount or reported a face-value amount. This is particularly evident in the data for term policyholders. Even though the data for whole-life policyholders more closely matched our expectations, they still show strong evidence of misreporting.

#### **4. CONCLUSION**

The analyses presented in this report clearly reveal that the data collected from the question asking for the cash value of life insurance policies are not entirely composed of valid cash values. The question is capturing a mixture of cash and face values, either because respondents misunderstand the features of their term life insurance policies or do not correctly perceive the meaning and intent of the cash value question. Underlying the data is the likely presence of a significant number of misclassifications of policy types by respondents (as documented in cognitive interviews); this likelihood further reduces our confidence that accurate cash values are being collected from respondents. Compounding this misreporting of cash values is the fact that

the cash value question is not specifically targeted towards owners of whole-life policies, the only life insurance policies that can accrue a cash value.

The data show that the percentage of respondents who reported a zero dollar value and those not providing a value both increased from 2001 to 2004. The latter results were expected and are probably attributable to the increased complexity and difficulty of understanding cash value concepts. The increase in the number of respondents not providing a value is particularly evident when the data are disaggregated by policy type, with the percentage of “do-not-know” reports from whole-life policyholders contributing to the vast majority of the overall increase, which is consistent with the assumption that it is more difficult for respondents to provide a cash value than a face value.

For life insurance policies as a whole, median and mean values decreased from 2001 to 2004. When disaggregated by policy type, the median and mean values also decreased for both term and whole-life policies. Given that the cash value of a life insurance policy has to be less than or equal to its face value, this decrease in median and mean values was anticipated.

The degree to which reported amounts are “rounded” also decreased, particularly for whole-life policyholders. The prevalence of rounding is less for whole-life policies than for term policies, and since only whole-life policies can accrue a cash value, this decreased prevalence of rounding is expected.

Consequently, it is clear from the above that a more focused series of questions concerning life insurance policy data needs to be asked in order to capture more accurate cash value of life insurance data. As currently structured, the questions pertaining to the value of life insurance are much better suited to capturing only face value data and do a poor job of capturing cash values due to respondents misunderstanding the features of their life insurance policies, incorrectly interpreting the cash value question, not understanding the distinction between face and cash value, and misclassifying their policy type.

## **5. RECOMMENDATIONS**

We have four recommendations:

- (1) If the only goal is to capture cash values of life insurance policies, then a set of screener questions should be employed to restrict the cash value question to those people who own whole-life policies. Owners of term policies, if asked anything about their policies, should only be asked for the face value of their policies.
- (2) When asking respondents to identify the type of policy they own, specific direction and aid must be given to facilitate a correct determination of policy type. Cognitive interview

evidence suggests that the technical labels for the different types of policies are not universally understood.

- (3) A similar effort must be made to focus the attention of the respondent on the meaning of the cash value concept, since it is generally not the most understood amount associated with a life insurance policy and may not be what respondents are expecting to hear in a question about their life insurance.
- (4) Gilbert and Okon (2006) offer several suggestions for clarifying the cash value concept, such as adding explanatory text to the question, asking initially about face value (to provide contrast), and/or a combination of these strategies. We concur with their recommendation to use a combinative approach.

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## APPENDIX A. 2001 AND 2004 SIPP LIFE INSURANCE QUESTIONS

### 2001 SIPP Panel Questions

>AL07G< As of the last day of [MONTH4], did you have any life insurance?  
Include group policies provided by employers.

Help screen: Enter (1) for "Yes" if the person has any life insurance. Include group policies provided by employers, term and whole life policies. If the person has no life insurance, enter (2) for "No".

>AL07H< What is the CURRENT FACE VALUE of ALL life insurance policies that you have?

Help screen: Face value refers to the amount of money that would be paid to beneficiaries at the time of death. Enter the amount which is the sum of the current face value of all life insurance policies that the person has. Round the amount to the nearest dollar.

>AL07I< What types of life insurance do you have - is it "term insurance", "whole life", or do you have both of these types?

Help screen: Term insurance is life insurance which is purchased for a specific period of time only. The policy is usually in effect as long as the premiums are paid. There is no cash value, loan value or paid-up insurance under "term" insurance coverage.

Whole life insurance provides the insured with life insurance and an accumulated savings value. Various whole life insurance policies provide cash value, loan value and other benefits.

Universal life policies should be considered as whole life insurance policies.

Enter (3) for "Both Types" if the person is covered by "term" insurance and by "whole life" insurance. Make the appropriate entry and continue.

>AL08A< Are any of your life insurance policies provided through your current employer(s)?

>AL08B< What is the FACE VALUE of the life insurance policies provided through your employer(s)?

Help screen: Face value refers to the amount of money that would be paid to beneficiaries at the time of death. Enter the amount which is the sum of the current face value of all life insurance policies that the person has provided through his/her current employer(s); exclude any other life insurance policies. Round the amount to the nearest dollar.

#### 2004 SIPP Panel Questions

(same as 2001 questions shown above, with the following exceptions shown in **bold**)

>AL07H< What is the CURRENT **CASH** VALUE of ALL life insurance policies that you have?

Help screen: **Cash** value refers to the amount of money that would be paid to **the policyholder if the policy was surrendered before** death. Enter the amount which is the sum of the current **cash** value of all life insurance policies that the person has. Round the amount to the nearest dollar.

>AL08B< What is the **CASH** VALUE of the life insurance policies provided through your employer(s)?

Help screen: **Cash** value refers to the amount of money that would be paid to **the policyholder if the policy was surrendered before** death. Enter the amount which is the sum of the current **cash** value of all life insurance policies that the person has provided through his/her current employer(s); exclude any other life insurance policies. Round the amount to the nearest dollar.

**Table 1. Reports of the Value of Life Insurance for 2001 (Face Value) and 2004 (Cash Value) by Number, Percentage Did-Not-Know or Refused, and Zero Dollar Value**

[Source: SIPP Assets and Liabilities Topical Module; un-edited, un-weighted wave 3 TransCASES files]

<b>a.</b>	<b>ALL Life Insurance Policies (Question AL07H)</b>	
	2001 (Face Value)	2004 (Cash Value)
Total Wave 3 Adults (15+)	55,207	78,018
Total with any Life Insurance	25,437	36,480
Total Non-Blank Dollar Responses	25,435	36,480
% Did-Not-Know (D)	20.4	25.3
% Refused (R)	5.5	4.4
% Did-Not-Know (D) + % Refused (R)	25.8	29.7
Total Non-Missing	18,863	25,635
Percentage Reporting Zero Dollars (Number reporting zero dollars)	0.1 (24)**	21.7 (5,558)

<b>b.</b>	<b>TERM Life Insurance (Question AL07I=1)</b>		<b>WHOLE LIFE Insurance (Question AL07I=2)</b>	
	2001 (Face Value)	2004 (Cash Value)	2001 (Face Value)	2004 (Cash Value)
Total Wave 3 Adults (15+)	55,207	78,018	55,207	78,018
Total with any Life Insurance	25,437	36,480	25,437	36,480
Total with TERM Life Insurance Only	10,159	16,271	NA	NA
Total with WHOLE LIFE Insurance Only	NA	NA	7,266	10,186
Total Non-Blank Dollar Responses	10,159	16,271	7,266	10,186
% Did-Not-Know (D)	14.3	15.4	12.8	23.4
% Refused (R)	3.2	2.6	5.2	4.0
% Did-Not-Know (D) + % Refused (R)	17.5	18.0	17.9	27.3
Total Non-Missing	8,377	13,349	5,962	7,404
Percentage Reporting Zero Dollars (Number reporting zero dollars)	0.1 (10)**	36.8 (4,910)	0.2 (9)**	4.7 (349)

\*\* A response of zero dollars was considered out-of-range in 2001, and not allowed. The table shows the number and percent of "\$1" reports, the lowest permitted value, which we assume is the value that interviewers entered when "0" was blocked.

**Table 2. Reports of 2004 Life Insurance Cash Values by Policy Type, by Type of Report (Zero Dollar, Positive Dollar, Did-Not-Know, or Refused)**

[Source: SIPP Assets and Liabilities Topical Module; un-edited, un-weighted wave 3 TransCASES files]

Response	Type of Insurance Policy		
	(1) Term	(2) Whole Life	(3) Both
<b>Total</b>	16,271	10,186	3,972
<u>Zero Dollar Value</u>			
Total Responses	4,910	349	101
(% of Policy Type)	(30.2)	(3.4)	(2.5)
<u>Positive Dollar Value</u>			
Total Responses	8,439	7,055	2,696
(% of Policy Type)	(51.9)	(69.3)	(67.9)
<u>Did-Not-Know (D) or Refused (R)</u>			
Total Responses	2,922	2,782	1,175
(% of Policy Type)	(18.0)	(27.3)	(29.6)



**Table 3. Reports of the Value of Life Insurance for 2001 (Face Value) and 2004 (Cash Value) by Mean, Median, Percentile, and Degree of Rounding** (all amounts expressed in current dollars)

[Source: SIPP Assets and Liabilities Topical Module; un-edited, un-weighted wave 3 TransCASES files]

a.		ALL Life Insurance Policies (Question AL07H)					
		(1)		(2)		(3)	
		2001 (Face Value)	2004 (Cash Value)				
			All Cases	Excluding \$0			
<b>Mean Amount</b>		\$149,251	\$93,962	\$119,974			
<b>Percentile Distribution:</b>							
1 <sup>st</sup>		1,000	0	200			
5 <sup>th</sup>		3,000	0	2,000			
10 <sup>th</sup>		5,000	0	4,500			
25 <sup>th</sup>		10,000	1,500	10,000			
<b>50<sup>th</sup> Median</b>		<b>50,000</b>	<b>20,000</b>	<b>40,000</b>			
75 <sup>th</sup>		130,000	100,000	103,000			
90 <sup>th</sup>		260,000	250,000	250,000			
95 <sup>th</sup>		475,000	360,000	500,000			
99 <sup>th</sup>		1,000,000	1,000,000	1,000,000			
Maximum (excl 99999999)		70 million	50 million	50 million			
		(1)	(2)	(3)			
<b>Degree of Rounding:</b>							
Percentage		10	99.6	99.2	99.0		
Of Amounts		100	99.2	98.8	98.5		
Divisible by...		1,000	96.6	95.3	93.9		
		10,000	64.6	69.1	60.6		
		100,000	20.4	36.8	19.3		
b.		TERM Life Insurance (Question AL07I=1)			WHOLE LIFE Insurance (Question AL07I=2)		
		(1)	(2)	(3)	(4)	(5)	(6)
		2001 (Face Value)	2004 (Cash Value)		2001 (Face Value)	2004 (Cash Value)	
			All Cases	Excluding \$0		All Cases	Excluding \$0
<b>Mean Amount</b>		\$169,267	\$86,754	\$137,229	\$77,075	\$65,245	\$68,472
<b>Percentile Distribution:</b>							
1 <sup>st</sup>		1,000	0	100	1,000	0	200
5 <sup>th</sup>		4,500	0	3,000	2,000	50	1,000
10 <sup>th</sup>		6,000	0	5,000	5,000	1,185	2,500
25 <sup>th</sup>		15,000	0	13,000	10,000	5,000	6,600
<b>50<sup>th</sup> Median</b>		<b>50,000</b>	<b>10,000</b>	<b>50,000</b>	<b>25,000</b>	<b>17,000</b>	<b>20,000</b>
75 <sup>th</sup>		150,000	100,000	150,000	97,000	60,000	65,000
90 <sup>th</sup>		300,000	250,000	300,000	180,000	150,000	166,000
95 <sup>th</sup>		500,000	370,000	500,000	250,000	250,000	250,000
99 <sup>th</sup>		1,000,000	1,000,000	1,000,000	750,000	600,000	600,000
Maximum (excl 99999999)		25 million	10 million	10 million	10 million	10 million	10 million
<b>Degree of Rounding:</b>							
Percentage		10	99.7	99.4	99.0	99.4	98.8
of Amounts		100	99.4	99.2	98.7	99.1	98.2
Divisible by...		1,000	97.4	97.6	96.3	95.2	91.5
		10,000	70.1	80.4	69.0	56.1	50.1
		100,000	23.2	51.6	23.4	14.4	12.8