

## 1999 PSID

### QUESTION BY QUESTION OBJECTIVES

#### (QxQs)

The following pages describe each section of the questionnaire and relate the study concepts from earlier in the Study Manual to specific questions and sequences. In addition, we introduce section-specific concepts, such as work and income.

Some questions are not included in these QxQs because they are straightforward or self-explanatory, or because they have sufficient instructions in the questionnaire itself.

Please keep in mind the objectives of each question sequence as you're reading through the questions and their explanations. Some questions are asked only of certain FU Members, some questions are asked about the entire FU. Some questions ask about 1997, some questions ask about 1998 or 1999. Understanding the general frames of reference will greatly help you to move smoothly through the questionnaire.

Review these QxQs with the paper supplement questionnaire sections for an overall understanding of each section. Then use them as a reference for definitions and procedures in handling specific questions. The paper questionnaire is not meant to serve as an interview instrument, only a representation of how the CATI application works.

#### **Please Note—**

**The attached QxQs cover only Sections W and P. For other sections, please consult the 1997 QxQs**

## Section W: Wealth and Active Savings

- W1-W42. This series aims at an estimate of the FUs wealth, what's commonly called net worth. It is simply the value of all their assets minus all their debts. Many of these questions will not apply to most of our FUs, but you must carefully guide them through all the leading questions to ensure that we don't miss anything. Those who do have such assets and debts usually know so, but may not know the exact amounts. Thus, we have provided sequences like W3-W5 to help R with a "ballpark estimate."
- W1-W1a. We are asking about real estate other than the FUs main home. We have already asked about the main home in Section A, and W10-W14 will ask about working farms and businesses. Include second homes, time shares, rental property, land contracts that the FU holds (i.e., money owed to FU), etc. A house trailer or other home on wheels should go in W6-W9 below, not here; but if the FU owns the land it sits on, the land value does go here.
- W2. For these and other assets we want the "net equity" (i.e., the value of the asset minus any debt owed on it). By "realize on it," we mean how much they would make or lose on the sale after paying off what they owed on it. If R says it would be a loss, enter "loss" and the amount in a marginal note attached to an RF answer [Alt-R].
- W3-W5. If R answered DON'T KNOW or REFUSED at W2, this series attempts a ballpark estimate. Encourage Rs who said DON'T KNOW to answer these; encourage Rs who REFUSED until you feel a definite refusal.
- W6. We want the net value of all the FU's vehicles, RVs, boats, etc. Include any vehicles R already told you about in Section V, as well as those antique and collector vehicles and motorcycles we didn't allow there. Remember, house trailers are included here but not the land they sit on. That belongs at W1-W5 above. If the FU has no such vehicles or if R estimates they are worth nothing, enter "no vehicles" or "worth nothing" in a marginal note and "0" in W6. If R feels they owe more on the vehicles than they are worth, get an estimate of the "loss" and enter it in a marginal note attached to [Alt-R] at W6.
- W7-W9. See W3-W5 instructions above.
- W10. Include the value of all farms and businesses of all FU members. Be careful with "family-owned" farms and businesses. We want the value of the part(s) owned by FU members only. Do not include owning stock in publicly-held corporations, that goes in W15-W20 below.

- W11. Again, we want net value of the farm/business including property, inventory, equipment, etc. after mortgages and other debts on them have been subtracted.
- W12-W14. See W3-W5 instructions above.
- W15. Here we lump together several kinds of stock that the FU might have. Note that stocks purchased through mutual funds and investment trusts are accepted here, but stocks in pension funds or IRAs are not. Money market funds, Treasury bills (T-bills), etc. should be recorded at W27-W31. Assets in IRAs go in W21-W26.
- W16. Sometimes stocks are bought "on margin" with borrowed money. Be sure this amount is the net after any such loans are repaid.
- W17-W20. This is another series to help Rs who DON'T KNOW or REFUSED to give a rough estimate. We would prefer R's best estimate over their answers to this series. Again, encourage Rs who DON'T KNOW to answer these questions; encourage Rs who REFUSED until you sense a definite refusal.
- W21. Here we want only money in private annuities or Individual Retirement Accounts (IRA) that were purchased by FU members directly. Do not include employer-based pension annuities.
- W22. We want current value of all such annuities owned by all FU members.
- W23-W26. See W17-W20 above.
- W27. These savings instruments are usually associated with a bank and are fairly accessible, or "liquid." Included here are regular checking and savings accounts, money market funds, CDs, government saving bonds, treasury bills, etc.
- W28. We want the total of all such assets belonging to all FU members. If R does not add them up, just list them in a marginal note attached to [Alt-D] or [Alt-R].
- W29-W32. See W17-W20 instructions above.

W33. This should pick up any savings instruments we didn't cover and other assets the FU might have. Bond funds are like mutual funds except they purchase bonds instead of stocks.

The "cash value" of an insurance policy is the amount that the owner of the policy would get if he/she were to cancel or "cash in" the policy. It is not the amount that the beneficiary would get if the insured person died. That is called the "face amount" or "death benefit." Most "term" type life insurance policies have no cash value. Most other types do, and the cash value grows with the age of the policy.

We mean valuable collections held as investments, not collections with only sentimental value to the owner. Include such things as antiques, art, gold coins, etc.

W34. Sometimes people borrow the money to buy such assets, betting that the value will increase more than the interest they will have to pay on the loan. Be sure we get the net value of these assets.

W38. Here we are looking for debts other than the mortgages or loans mentioned on the above asset questions. This includes the usual credit card charges, student or personal loans, etc. Include one-time major expenses that people pay off over time, such as medical or legal bills, weddings, funerals, orthodontia, etc.

W39. Total all amounts for all FU members.

W43-W133. The preceding asset questions were asked in 1994. In order to compare that information with current estimates, we have to know three things. One is the amount of change that is due to capital gains and losses and interest rates. Second is change due to the FUs saving and consuming behavior. Third is change due to people moving in and out of the FU. This next series is designed to help us measure these. We have perhaps repeated the phrase "since 1994" too often in this sequence. However, it is very important that R remember the frame of reference is "in the last five years."

W43. We are talking about private annuities and IRAs here, but not employer pensions. A private annuity allows you to set aside funds that accumulate tax-deferred interest. It then pays a lifetime retirement income of which only the interest portion is taxable.

IRAs defer income tax on both the amounts you put in and the interest accumulations, but limit annual contributions.

W44. Total amount put into private annuities and IRAs by all FU members.

W48-W49. These items include employer-based pensions, private annuities, and IRAs. Some pensions can be converted to cash when an employee leaves the company. We don't want to count any increase in the family's wealth as savings when the money actually came from cashing in a pension or annuity.

W54-W101 attempt to get a measure of active investment behavior.

W54-W58. We want to know the net value of the main house the FU sold since January 1, 1994. If FU sold more than one main home, ask about the one owned in January 1994.

W59-W60. Use the W1 QxQ for what to include here (i.e., real estate other than FUs main home). Although the questions here don't say so, we do want net values here, not the purchase price. The amount put into the real estate should include all costs of buying minus any amount mortgaged on this property at the time of purchase. So the R could have borrowed money for the down payment, and we would want that amount included, as long as this piece of real estate was not used as collateral for the loan.

If R gives an amount here that is substantially larger than the amount mentioned at W1-W2, you will need to probe and make marginal notes. Be sure that R does not include money spent on additions and repairs in this amount. We want the net cost of all such properties the FU bought in the last 5 years. Remember, do not include farms or businesses here.

W64-W65. This is the same as W59-W60 except that the FU was the seller of the properties and received the money. This is the net amount—the total of the selling prices of all real estate (excluding farms and businesses) the FU sold in the last 5 years, minus any outstanding mortgage debt remaining on the property, and minus anything spent for improvements.

W69-W70. We want only major additions or improvements to any real estate the FU owns, including the main home in Section A. The money spent on improvements minus any debt on the property must total \$10,000 or more and should include the value of any work done by FU members. We are trying to separate changes in property value due to capital gains (real estate market) from those due to added investment (FU behavior). Emphasize that general upkeep and maintenance are not included.

W73-W74. As with the real estate properties, we are looking for investment since 1994 in these assets. We want the **net** amount FU members put into farms or businesses. It could include an initial investment during the last 5 years. There is no minimum amount here. Include profits put back into a farm/business. Do not include employer pension or profit sharing amounts that were automatically reinvested into the company. Also, do not include investment or reinvestment of dividends in stocks of publicly held corporations. As in W59-W60, the amount of any loan or mortgage using this business as collateral should not be included in the amount at W74.

W78-W79. Again, we want the money received by FU members from the sale of any interest in a farm or business minus any debt outstanding at the time of sale that used the farm/business as collateral, as in W64-W65. The money must come from outside the FU to an FU member. Do not include transfers from one FU member to another, and do not include the sale of stock in publicly held corporations.

W83-W86. We are trying to separate the total change in the value of the FUs stock into that which was caused by the FUs investment behavior (buying or selling stock), and that which was caused by market behavior (capital gains and losses). Be sure that any amounts given here exclude any loans the FU may have had that used the stocks as collateral.

Those who either bought or sold, but not both, in the last 5 years are skipped out to questions that ask for the total bought or sold.

Active traders, however, will probably not recall 5 years of transactions. Thus, we ask them whether they bought more, sold more, or bought and sold about the same. If they bought more or sold more, we ask how much.

Mutual funds simply invest and manage the collective monies of many investors in a portfolio of stocks and bonds. The investors buy shares in the mutual fund itself instead of the separate stocks and get the benefits of professional management and the investment power of large sums of money. Treat these the same as shares of stock; if the FU bought more or sold more on balance, continue with W86-W90.

W91-W95. This sequence is for FUs which bought stock, but did not sell any, in the last 5 years. See W83-W86 instructions above.

W96-W101. This sequence is for FUs which sold stock, but did not buy any, in the last 5 years.

W102-111. A major cause of change in the FUs wealth is change in the composition of the FU. As people move into or out of the FU, they may bring or take away significant assets or debts. The next two series of questions attempt to measure these changes. The value of the asset or debt should be its value

at the time it was brought in or taken away from the FU, not its current appreciated or depreciated value.

- W102-107. We are asking about assets (\$5,000 or more) that persons who were living in the FU in 1994 have since taken with them when they "moved out." This includes any of the kinds of assets we have just asked about and may include some of the assets already mentioned.

Divorce and separation often cause this type of asset removal (e.g., "She got the house, I got the mortgage; she got the car, I got the payment..."). When a young adult moves out of his/her parents' home, it is often with their blessing and sometimes with their second car, a piece of land, etc. Even though he/she may have taken more debts than assets when he/she left, record only the assets here. We will catch the debts below. If he/she did not take any assets enter a zero at W103.

- W108-111. We want the total of debts removed from the FU in this manner as well. Again, it must be someone who was living in the FU in 1994 and has since "moved out." Examples here might be someone who had large credit debt, student or personal loans, medical or legal bills, etc. Remember, we want the total of all such debts here, and it must be \$5,000 or more. If they did not take any debts with them, enter a zero at W108.

- W113-118. Again we are asking about assets of \$5,000 or more, but this time about assets brought into the FU since 1994 by persons "moving in." Use the value of the assets at the time they were brought in, not their current value. If only debts were brought in, enter a zero at W114.

- W119. Include debts as described above that FU members brought into the FU when they moved in. If they brought in only assets, enter a zero at W119.

W123-129. These gifts and inheritances are not limited to cash money, but the total value must be \$10,000 or more and the FU must have actually received it in the last 5 years.

Notice that W124 allows a response of "NOT YET" to the question of what year it was received. We don't want to ask W125-W127 about these future amounts, but we also do not want to lose a second or third mention that the FU has received. So we allow R to tell us about these future assets, but do not ask the amounts even if R knows them. If all mentions are gifts or inheritances "NOT YET" received, [F9] back to W123 and change it to "NO."

W125. Get value at the time it was received, not current value.

W128-132. See instructions for W123-W127 above; a third mention is collected in W133a-W133d.

*Bank Account Control*

W135-141. We are interested in how the Wife/"WIFE" spends money from checking, savings, and other liquid accounts that are either joint with Head or hers alone. If they own both kinds, these questions should reference the joint accounts only. Only FUs with a Wife/"WIFE" and indications of owning such assets at W27 will get these questions. The R can only be Head or Wife/"WIFE" for this series. But regardless of who is the R, the questions are asking fact and opinion about the behavior of the Wife/"WIFE."

W139a-c. Regardless of who is R, we are asking whether R agrees with these statement about how the Wife/"WIFE" spends money from these accounts.

W140-141. Ask each item separately and record responses for each.

### Section P—Head's and Wife/"WIFE'S" Pensions

This section is divided into four parts: 1) Head's Pension from a Current Employer, 2) Head's Pension from a Former Employer, 3) Wife/"WIFE's" Pension from a Current Employer, and 4) Wife/"WIFE's" Pension from a Former Employer. QxQs for Head's Pension from a Current Employer (P1-P44) and Head's Pension from a Former Employer (P45-P69) will be covered here; the Wife/"WIFE" series (Current Employer, P71-P114 and Former Employer P115-P139) are parallel to the Head's series and their QxQs will reference the Head's comparable QxQ.

Many of the definitions and procedures used here apply to pensions in general and are not specific to pensions from Current or Former Employers, or pensions of Head or Wife/"WIFE."

#### *Head's Pension from a Current Employer*

- P1. Only Heads who are **currently employed at a main job** (Section B) will have this series, P1-P44. Heads who are not currently working, but have worked in the past, are skipped to the series on Pension from a Former Employer (P45-P69); Heads who have never worked are skipped to the Wife's/"WIFE's" series as it applies. Note that P1 asks not only whether Head is eligible, but is he/she **covered by a pension plan** at his/her **current main job employer**.
- P2-P5. For Heads who are covered by a pension plan, we ask the size of the employer **at the location where they work**. Employers of 50 or more employees are eligible for a supplemental study we are doing on pension plans. We are asking R to help us by giving us an address where we can contact his/her employer for that study. It is very important that the R understand that we will be asking the employer for publicly-available information about the pension plan itself, not about Head's personal pension account. And the employer will not know that Head or R gave us the address information. Note that P5 amounts to asking permission to contact their employer. If R refuses, use soft persuasion efforts only. Explain why we ask for the information, assure them of confidentiality, but respect the Rs rights and move on.
- P6. Regardless of employer size or whether R gives employer address information, Section P continues asking about Head pension(s). P6 asks how many years Head has been covered by the pension plan, but R may answer with what year coverage began.
- P7-P8. Heads not currently covered by a plan may be after a certain number of years. We are asking how many **more** years until they are covered.

P9-P10. "Vested" employees are assured (by law) that their pension funds (or at least some part of them) belong to them and may be withdrawn and taken with them if they leave the employer before they are eligible for retirement. Under some plans the employee is vested immediately upon being covered by the plan, others require the employee to be covered and contributing for a minimum number of years before being fully vested.

P11-P15. Head may be **required** to contribute a certain amount (P12-P13) in order to be in the pension fund, but may also **voluntarily** contribute to the fund (P14-P15). Be sure these are separate amounts in the questions provided. R may answer either in dollars per time (pay) period, or as a percentage of pay.

P16. There are two major categories of employer-provided pension plans, differentiated by how the amount of benefits is determined. These same two categories will be referred to in the Pension from a Former Employer series, at P46, as Type A and Type B.

**Defined Benefit** plans base benefits on a formula that may take into account the age of the employee, years of service, salary at retirement, or a combination of these (same as Type A at P46). If Head's pension is indicated as this type at P16, the application skips to P23-P31a to ask what that formula is.

**Money Accumulated** or **Defined Contribution** plans base benefits on how much has accumulated in the individual's account. These are called Type B at P46, and include such plans as 401-K, 403-B, ESOP, SRA, thrift or savings plans, stock or profit sharing plans, and money purchase plans. If Head has this type of pension plan, P17-P21 will be asked to determine how much is contributed by the employer and the employee, how much is in the account, and how much the employee could take out if he/she left today.

Some plans have elements of **Both** types. Both series, P17-P21 and P23-P31, will be asked in these cases. Be sure the amounts are not double counted.

P17-P19. What amount does the employer contribute, either dollars per pay period or as a percentage of Head's pay. If P18 varies depending on profits, use an F2 note attached to a DK or RF answer. P19 asks at what age Head could receive retirement benefit payments that **include** the employer's contribution.

P20. This means **total** in the account today, including employee's and employer's contributions. Probe /BE/ as needed.

- P21. This is that "vesting" issue again. We mean how much of the total in P20 could they take out if they were leaving their employer today. This could be answered in dollars or as a percentage of the total in P20. Even Rs who DK to P20 may know the percent they can withdraw when they leave.
- P23-26a. For Defined Benefit plans at P16, we ask the formula used in the pension plan to determine benefits. If the formula calls for the Age and Years of Service to **add up** to some number, select the 7 (OTHER) answer at P23 and P26a to give the details.
- P27-31a. Here we are asking for the formula for "early retirement" with at least partial benefits. The same procedures as those for P23-P26a apply. Even though R may not know what the formulas are, they may know that there are formulas.
- P32. If R answers with years of service instead of age, /RQ/ or probe: "What age would that be?" Enter 999 for answers of "Never" or indications that Head won't stay long enough to draw benefits.
- P33-P34. We are asking for an estimate of their pension amount in dollars per month or year, a percentage of what their final pay will be, or as a lump sum.
- P35-P36. Can Head name a survivor to receive his/her pension benefits in the event that he/she does not live long enough to draw them? If so, how much of the benefits can the designated beneficiary receive?
- P37-P38. In some private pensions, the amount of the pension declines when Social Security payments start—the firm guarantees an amount equal to the combination of Social Security benefits and pension benefits, and the firm's obligation will decline once Social Security payments start.
- P39. We are not asking what is "earliest possible" retirement age or years of service. We are asking at what age people (with whom Head works) "usually" retire.
- P40-P41. Many people have worked out an actual "plan" of when they will stop working and retire; it may follow the formula for their pension plan minimums. R may answer either an age or year at P40. For those who have not planned or thought much about it, we are asking them to think about it now and give us their best estimate at P41.

P42-P44. In addition to their main pension plan, such as just described in P1-P41, Head may have other tax-deferred saving or compensation plans. These are typically other defined contribution plans, such as 401-K, thrift or savings plans, stock/profit sharing, etc. These may also be part of an employee ownership plan.

For Heads who aren't currently covered by the regular pension plan, these may be the only "pension" options. Not all such plans have employer contributions, so we ask P43-P44.

### *Head's Pension from a Former Employer*

P45-P69 ask about pensions from a former employer. All the different kinds of pension plans mentioned above can occur here too, so many of the definitions and procedures described in the P1-P44 QxQs apply here as well. But since these pensions were accumulated while working for a former employer, we ask additional questions about what happened to the money after Head left that employer.

P45-P46 The same distinction between Defined Benefit and Money Accumulated pension types is made here as we did at P16. But since we adapted this series from HRS98, we used their labels of **Type A** for **Defined Benefit** and **Type B** for **Money Accumulated** or **Defined Contribution**. And just like at P16, the pension plan may have elements of both types, an indication of BOTH will take you through question series about each. Note that by "BOTH," we mean one plan with elements of both types; **not** two plans, one of each type. For the latter case, cover the "main" pension plan in this first loop of P46-P69. Then cover the second pension in the second loop of P46-P69.

P47-P51. When the pension plan has elements of BOTH types, we ask P47-P51 about the portion where money is accumulated.

P47. This is the amount that was in the account when Head left the former employer; this could be zero.

P48. The employee has certain options for accumulations in his/her pension when they leave an employer. They can withdraw the money, or cash it in. They can "roll it over" or use it to purchase an IRA or other individual annuity. Some pension plans allow the employee to leave it in the account (usually accumulating interest). Or the employee may start drawing benefit payments from it by "converting" it to an annuity. This is not a multiple response item, usually only one option can be taken. If R gives multiple responses, use the 7 (OTHER) answer category and give the details of all responses.

- P50-P51. For those who converted their pension to an annuity, we want to know at what age they began, or will begin, receiving benefits and how much those benefits are.
- P52-P68. For Heads whose pension amount is based on a formula, we again ask what option they took when they left their former employer, but in a slightly different way. Their primary options were to receive benefits in the future, to receive them immediately, to take a cash settlement upon leaving, or to lose benefits.
- P53-P54. For Heads receiving benefits now, we ask the month and year they began receiving them and amount per month received. R may answer per year or other time period as well.
- P57-P58. For Heads who took cash settlement, we want the total amount received and what they did with it. P58 is multiple response, probe /AO/ at least once.
- P59. For those who answered at P52 that they rolled it over into an IRA, we are asking how much was put into the IRA.
- P60-P62. For those who expect to receive benefits in the future, we ask at what age they expect to start receiving benefits and an estimate of what those benefits will be, either in dollars per month or year, a percentage of their final pay, or as a lump sum.
- P63-P67. These questions are for those who answered at P46 that their pension from a former employer was a Type B (only) plan. They are similar in nature to P47-P51.
- P64. Again the options of what Head did with the money when he/she left the former employer. But here we have the additional option of "transfer your account to a new employer." Again, multiple responses should be rare; use the 7 (OTHER) answer to record all the details.
- P66. If Head's account was "converted to an annuity" he/she is receiving or will be receiving benefit payments. We want the AGE at which he/she began (or will begin) receiving benefits. If R answers with a year, use a probe such as "What age were you in (year)?" or "What age will you be in (year)?".
- P67. We want what the annuity payments are (or will be) in dollars per month or year.

- P68. For nearly every pension plan there is some minimum age at which you can leave and still draw pension benefits. That is the age we want here, regardless of whether Head left before or after that age. Use 97 if there was no age requirement.
- P69. We are only talking about pensions from former employers here. If Head had another pension or tax-deferred savings plan that R has not already told you about, a "YES" here brings up another loop of P46-P68.

*Wife/"WIFE's" Pension Series*

The application checks for a Wife/"WIFE" in the FU and her employment status and brings up the appropriate series. P71-P114, Pension from a Current Employer, and P115-P139, Pension from a Former Employer, are parallel to the Head's series and the full text of their QxQs will not be included here. References are made to the Head's comparable QxQ.

- P71. See QxQ at P1.
- P72-P75. See QxQ at P2-P5.
- P76. See QxQ at P6.
- P77-P78. See QxQ at P7-P8.
- P79-P80. See QxQ at P9-P10.
- P81-P85. See QxQ at P11-P15.
- P86. See QxQ at P16.
- P87-P89. See QxQ at P17-P19.
- P90. See QxQ at P20.
- P91. See QxQ at P21.
- P93-P96a. See QxQ at P23-P26a
- P97-101a. See QxQ at P27-P31a.
- P102. See QxQ at P32.
- P103-104. See QxQ at P33-P34.
- P105-106. See QxQ at P35-P36.

P107-108. See QxQ at P37-P38.

P109. See QxQ at P39.

P110-111. See QxQ at P40-P41.

P112-114. See QxQ at P42-P44.

P115-116. See QxQ at P45-P46 for pension from a former employer.

P117-121. See QxQ at P47-P51.

P117. See QxQ at P47.

P118. See QxQ at P48.

P120-121. See QxQ at P50-P51.

P122-138. See QxQ at P52-P68.

P123-124. See QxQ at P53-P54.

P127-128. See QxQ at P57-P58.

P129. See QxQ at P59.

P130-132. See QxQ at P60-P62.

P133-137. See QxQ at P63-P67.

P134. See QxQ at P64.

P136. See QxQ at P66.

P137. See QxQ at P67.

P138. See QxQ at P68.

P139. See QxQ at P69.