Consumers' Financial Decisions and the Psychology of Values

by Lois A. Vitt, PhD

Abstract: *Financial service professionals and personal finance educators can help more consumers plan better for their retirement and later life by learning the trade secrets of advertisers. This article describes how many people make financial decisions and what sparks their desire to become more financially savvy, a necessary precondition for them to tackle spending issues and then to plan, save and invest for future financial security. Consumer financial decisions involve psychological, physical, and social values that are rooted in feelings and emotions. Consumer behaviors can appear as irrational and even irresponsible, except to marketers. But what if finance professionals and educators could tap into the same values channels that advertisers have been stimulating and mining for years?*

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Introduction

For the past 10 years or so, public and private organizations have been creating and promoting educational initiatives to help Americans become financially literate. As anyone in the financial services profession knows, the primary goal is to awaken more people to their need to save and plan for retirement and later life. Despite these initiatives, many people are failing to prepare for retirement until it is almost upon them, so the frequency and urgency of messages aimed at consumers to better manage their personal finances are increasing in both the popular and financial media. There is reason for real concern.

Responsibility for income security in retirement has largely shifted from government to individual, and for pension investment from employer to employee. Responsibility for health costs and health care also is being transferred increasingly by employers to workers and retirees. To prepare people for these societal shifts, financial education programs are now aimed at every population segment, and financial information is widely available to consumers through the Internet, employers, communities and the popular press. The hope of most financial education sponsors is that when people are given more financial knowledge, they will choose to be prudent when making spending decisions. They will plan ahead, save more for retirement, and engage financial service professionals to help them navigate the maze of investment choices that confront them. This hope often does not square with the evidence.

When Alan Greenspan recently said that "significant structural adjustments" to Social Security and Medicare may be needed in order to deal with the nation's mounting budget deficit,[1] alarm bells should have gone off in the heads of everyone approaching 50 years old. But consumers didn't seem to notice. In fact, many baby boomers and even more Generation Xers have already written off these programs without protest of any kind. The level of current personal saving in the United States is too low to ensure the financial security of the baby boom generation during their retirement, and a study commissioned by the Consumer Federation of America found that only 44% of American households will accumulate a level of retirement savings sufficient to fund pre-retirement living standards throughout their retirement years.[2] Boomers relying on equity in their home to see them through retirement are succumbing at the same time to home equity loans that jeopardize their ability to realize full future ownership of even this basic asset.

The laws of motion as defined by Sir Isaac Newton and the great astronomer Galileo provide a framework for understanding inertia and momentum. Their wisdom indicates that a body at rest will remain at rest until moved by an outside force. The law of motion applied to saving and retirement planning suggests that if people do nothing to prepare for retirement, they are destined to get nothing.[3] Some outside force must be necessary to push people to prepare for retirement security at a level that meets their needs. Unlike inert objects, however, people require some inner spark to generate the momentum that can propel them forward. In other words, the "outside force" of available financial education must be met by an "inner desire" to learn and to apply financial concepts.

As advertisers well know, consumer decisions—including the decision to become savvy about finances—are fueled by desire. This is true for everyone—*irrespective of a person's general knowledge or education level.* Without a better understanding of how consumers make decisions—and what sparks their desire—efforts that try to help them navigate rapid societal changes are often ineffective. But what if financial educators and financial service professionals could tap into the same values channels that advertisers have been stimulating and mining for years?

The Evidence for Consumer Inertia

Baby boomers are particularly good at denial and notoriously bad at thinking about and planning for retirement, ill health, or frailty, according to Sarah Zapolsky in "Baby Boomers and Retirement."[4] "The lack of readiness for retirement is overwhelming," says AARP Policy and Strategy Director John Rother.[5] "Two-thirds of today's retirees live almost entirely on Social Security. The same is going to be true for the baby boom generation unless they begin to take action now," cautions Dallas Salisbury, chairman of the American Savings Education Council.[6]

According to the results of the 14th annual *Retirement Confidence Survey,*[7] over half of working adults are close to clueless about the need to save and plan for retirement. About three in five workers and/or their spouses (57%) have not attempted to figure out how much money they'll need to have saved by the time they retire.[8] Four in ten workers (42%) are not currently saving for retirement, and those who have saved report low levels of savings. In fact 45% of workers with savings report total household assets, *not including home equity value,* of less than $25,000.

Yet most individuals who expect to retire within 15 years say they hope to travel, pursue a broad range of interests, visit children and give presents to grandchildren after retirement. Why are these workers not making the financial arrangements required to achieve their stated goals? Various surveys by the research firm Mathew Greenwald & Associates provide the following insights into people's lack of retirement savvy or diligence (or both):[9]

1. They underestimate how much living in retirement actually costs.
2. They don't have a grip on how long they might live.
3. They overestimate their ability to earn money after they retire.
4. They believe Medicare pays higher health care benefits than it actually does.
5. They fail to face the probability that they may not be

well or able to move around someday.

6. They underestimate the real costs of assisted living and long-term care arrangements for older adults.

Are these misperceptions due to lack of knowledge, to oversight and procrastination, or to "denial" as often charged? Where is the *desire* needed for consumers to become more savvy about personal finances in general and their own future income security in particular?

The Quest to Understand Decision Making

Research on judgment and decision making began in earnest during the 1940s and 1950s and generally followed two lines of inquiry. One group of researchers set out to learn how people decide on a particular course of action. How do people choose what to do next? Are their decisions rational? If not, by what processes do they make choices? Other researchers took note of people's perceptions. Do people integrate conflicting ideas, arrive at an understanding of the situation they are facing, and then make a judgment? Does their judgment improve with experience? How does human judgment compare with actuarial prediction?[10]

From the first set of inquiries a formal modeling approach evolved that has commonly been used in economics and business management. It typically compares the cost or utility of alternatives, characterizes choice as the maximization of value, and assumes that rational, self-interested persons make the correct, most efficient choice on the basis of available information. An alternative tradition can be found in history, politics and the law, where cost analysis can be difficult or implausible to apply. Using a reason-based approach to decision making, this perspective identifies reasons and arguments that influence decisions and explains choice in terms of the balance of "for" and "against" alternatives. "Deciding how to decide" is a third approach that tries to explain the selection of one decision strategy over another.[11]

Good decision-making was once thought to be objective, free of emotion and devoid of intuitive insights. Increasingly, however, leading decision researchers suggest that emotions and feelings may not only be important aspects of people's intuitive ability to make effective decisions but indeed may be essential.[12] A person in the process of choosing among alternatives expends "feeling" effort as well as "thinking" effort. Perceiving lack of something desired causes discomfort, and pursuing desires and goals arouses emotions. But these feelings and emotions can be experienced and appear to others as vague.[13] Such behavior can also appear as irrational and even irresponsible—except, of course, to those within the world that markets to consumers.

The Logic of Consumers' Financial Decisions

The best understanding of the subjective nature of consumer decision making is the body of research that supports commercial advertising and marketing. Market researchers have long known that what consumers value informs the process of major purchase decisions.[14] Companies invest heavily in such research to examine the deeper urges, innermost longings, and lifestyle patterns of consumers. Market researchers probe consumers' spending habits to track their purchase of services and products. The research is aggregated and used to target various segmented markets with savvy advertising that taps right into what consumers at various ages and life stages are known to value. What marketers well understand, and financial service professionals can learn as well, is that people's financial decision process is only partially objective at best. Moreover, consumer decisions are *values driven.* Unless a person is attuned to, knowledgeable about, and motivated to value a well-managed financial life, other more highly valued concerns are more likely to win out over prudent financial choices.

There are several reasons for this:

1. Consumer financial decisions also involve psychological, physical, and social values. Many values simply override those that caution financial constraint, such as the desire to surprise a family member with a gift that one cannot afford or the decision to take an expensive trip financed by already overburdened credit cards.
2. In the early part of the last century, public schools

prepared students even in the lower grades to enter the adult world by teaching them to value basic financial skills. Children learned early to budget, to be thrifty, to use credit wisely, to save and to invest.[15] Although slowly beginning to reappear, personal financial education has not been a staple of public education since WWII.

3. Consumers today are bombarded by product images and credit offers. Many have not been socialized to share their elders' values on prioritizing and saving; they are, rather, intent on earning and spending.
4. Many people lack any *desire* to master the level of personal financial knowledge that is required today. They seriously dislike tackling their financial affairs and prefer instead to give their attention to other activities and interests that they do value. (Underlying their lack of interest in finances, however, may be an understandable fear that they will not or cannot succeed at so daunting a task.)

Consumer Values

"Values" is a hackneyed term, worn thin by overuse and misuse, but the literature on values is psychologically rich, centuries old, and market savvy.

Values are the standards or principles we use for evaluating and determining behaviors, characteristics, or goals we regard as *desirable*. We use them as guidelines for discerning priorities, for making trade-offs, for forming preferences, and for making—or not making—decisions.[16] Discussions about values and how values function at personal levels have occurred over centuries. They can be found in the social and behavioral sciences, in law, the physical sciences, education, philosophy, and religion.[17] Cultural anthropologist Clyde Kluckhohn offered this definition of a value in 1951, which is still widely used:

> …a conception, explicit or implicit, distinctive of an individual or characteristic of a group, of the *desirable*, which influences the selection from available modes, means, and ends of action (emphasis added).[18]

Values result from our psychological and spiritual needs and the demands of society. We learn them from our families, and from personal and societal experiences. Teachers and other authority figures, both secular and spiritual, teach values in schools and in faith organizations. Cultural environments and communities influence values, and when experiences are shared or communicated to many others, common appraisals eventually build value standards across social and cultural boundaries.

Values are central to our concept of self, and they are important features of our personal and social identity—the "real me." They are relatively stable, and they consist of a small number of core ideas about desirable goals and the desirable behavior that helps us attain our goals.[19] If values were to be eliminated from any given process of socialization, we would have no cross-situational ideals by which to live, and no tools with which to make rational judgments. We would not know how to meet societal standards that govern competent behavior, nor would we have the principles and guidelines by which to make decisions or to resolve inner conflict or conflict with others.[20]

Everything in Life Involves Finances

As MasterCard advertisements cleverly show, some things are "priceless," like love, memories, and social relations. Everything else carries a price tag. Even love, however, requires personal and interpersonal well-being. And well-being in our society includes maintaining some level of financial well-being.

"Life planning" has been defined as the process of (1) helping people focus on the true values and motivations in their lives, (2) determining the goals and objectives as they see their lives develop, and (3) using these values, motivations, goals, and objectives to guide the planning process and provide a framework for making choices and decisions in life that have financial and nonfinancial implications or consequences.[21] Life planning advocates among financial service professionals argue that a major financial decision, such as the pursuit of an education or retirement planning, is about *everything in life:* the physical aspects of where and how to live, income sources and expense allocations, psychological, physical, and social well-being, safety and security, and intimate and social relationships. Financial choices, in other words, carry lifestyle and emotional, as well as financial, price tags.

Figure 1, the LifeValues Model, shows this relationship more clearly.[22]

Prior research using this model has ordered consumer priorities in connection with major purchase decisions (home buying), financing decisions (reverse mortgages), and work-related decisions (retirement). These studies have demonstrated (1) that consumer decision making is values driven,[23] and (2) that the decision criteria used by consumers when making financial decisions are predominantly *noneconomic.*

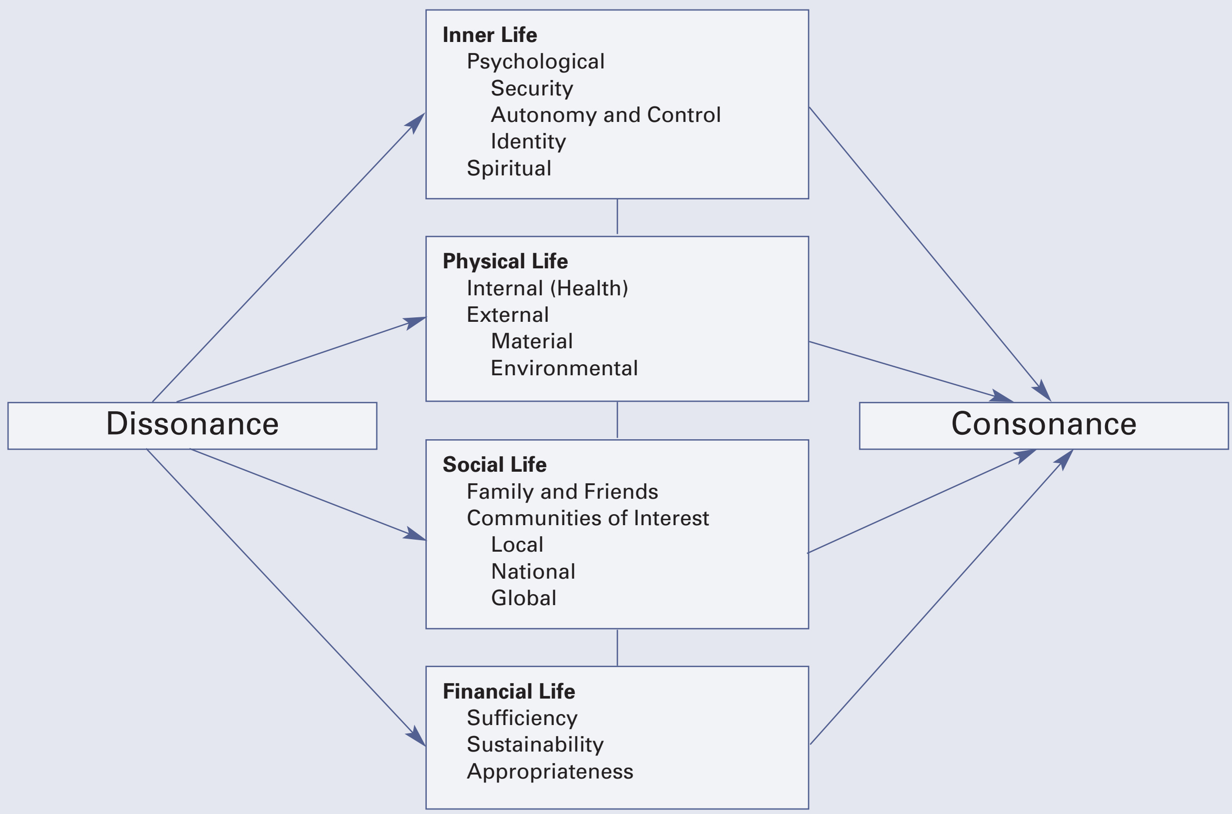
The LifeValues Model

The LifeValues Model suggests that personal values—everything in life that matters—can be grouped into life domains that represent people's (1) inner life, (2) physical life, (3) social life, and (4) financial life. Illustrated in each life domain are subcategories of values. The framework illustrates that individuals seek to maintain a state of consonance (equilibrium) within and among the inner, physical, social, and financial areas of their lives.

A decision problem is a *stimulus* that typically produces feelings of discomfort (dissonance) prompted by the need to take remedial action, or to make a decision, or both. A typical decision problem might be a home purchase, a health coverage choice, a decision about

FIGURE 1

LifeValues Model



buying an automobile, paying a large overdue bill, changing jobs, opening a savings account, engaging in retirement planning, and/or refinancing a mortgage to pay credit card debts. As the model suggests, these are not simple financial questions, but decision problems that affect every aspect of one's life.

Persons facing such a decision, consciously or unconsciously, will consider the consequences of their alternative choices by "feeling" their way—more or less randomly—through each of the four life domains until they are comfortable, thereby establishing for themselves a state of equilibrium or *consonance.* When they feel comfortable on all life dimensions, they typically will be ready to make the decision. Until the consonance state is reached, however, they will experience discomfort that can vary from mild to severe, depending upon the importance (and obstacles) inherent in the pending decision problem. To reduce the discomfort, a decision maker may (1) seek help and/or additional information to relieve the discomfort and reestablish a state of consonance, (2) reduce his or her valued goals, and/or (3) rationalize away or employ another defense mechanism to cope with the discomfort.

The Discomfort of Indecision

Making good decisions is an ambition that's well worth achieving because indecision is stressful. By its very nature, a pending decision problem is an irritant that causes the decision maker (and everyone else who may be affected by the uncertainty) to feel some level of *discomfort* until a solution has been reached. The following is an example of how this might work in a routine consumer purchase decision. You are standing in front of a display of new riding lawnmowers. There before you is the exact lawnmower you've been wanting lately, and today it's on sale for half its usual cost. The problem is that you don't have the cash to buy it. And you've promised yourself to halt credit card purchases and pay down your balances. You are feeling somewhat uncomfortable. Should you charge this purchase or not? You tap quickly—more or less unconsciously—into your alternatives and consequences, and you make your decision—to buy or not to buy the lawnmower. If you are satisfied with your decision, the discomfort is over. If you are not happy with your choice, you still feel discomfort. Here are the possibilities:

1. You decide to honor your promise not to make credit card purchases and decide not to buy the item you want. You are *satisfied* with your choice and you are *comfortable.*
2. You decide to honor your promise not to make credit card purchases, but on your way home, you can't get the lawnmower out of your mind. You are *not satisfied* with your choice and remain *uncomfortable.*
3. You decide to buy the item and charge it to your credit card as a convenience. You'll pay the full cost of your purchase next month and still whittle down those outstanding balances. You are *satisfied* with your choice and you are *comfortable.*
4. You decide to buy the item and feel guilty about having charged it to your credit card. You are *not satisfied* with your choice and you remain *uncomfortable.*

Since you don't like being uncomfortable, there is still mental work to be done if you have made either choice No. 2 or No. 4. In other words, you still have more decisions to make. In choice No. 2, you'll run through your alternatives again and again until (1) you decide the choice you've already made was the right one and you become *satisfied* and *comfortable,* or (2) you decide to return to the store and to confront your purchase decision all over again. You're at square one.

In choice No. 4, you "rationalize" your decision (Figure 2). You think up reasons why your decision to buy the item on credit was okay and your promise not to charge was okay to override, and you convince

FIGURE 2

Rationalizing Choices

Offering "reasoned" explanations for
your choices and decision-making behaviors.
You use these explanations to:

- give yourself or others permission to make a choice, or
- defend or explain a choice you've already made.

yourself that you are *satisfied* with your reasons, so you can end your *discomfort.*

If someone else is involved in your routine purchase decision, navigating choices 2 and 4 are more complicated. Not only must you think through the goals, desires, and promises you've made to yourself, you must also juggle the goals and desires of others and the promises you've made to them.

Consumers' Ingenious Financial Values System

In addition to the inner dialogue that may or may not accompany a purchase decision, consumers deal more or less routinely with the financial complexity imposed by societal norms, customs, laws, and practices under which we all live. If consumer financial knowledge was commensurate with this complexity, we would all understand thoroughly the contracts that we sign to have telephones, credit cards, vehicles to drive, and homes we rent or own. Since this complexity is not likely to diminish anytime soon, consumers have learned to cope—so well, in fact, that many no longer seek explanations of financial details they do not understand. Instead, they have created an ingenious "mental financial values system" to navigate financial complexity. It is used in a manner that matches consumer skills, interests, and the ability to trust others with desired goals and ideals. It also facilitates the ability to obtain telephones, credit cards, vehicles to drive, and homes without having to understand the legal and financial details that frame the contracts signed to obtain them.

Three overarching values intersect consumer financial life as shown in the LifeValues Model: *sufficiency, sustainability,* and *appropriateness.* Even when financial knowledge is limited, these values drive the financial decisions of people's everyday lives. These standards are used to compare prices and terms, to determine affordability, and to weigh risks and rewards of jobs and careers, health coverage, homeownership, education, retirement and both routine and big-ticket items and issues. Also embedded in these values are subjective requirements for equity and fairness in financial dealings.

Sufficiency—Will There Be Enough?

Consumers value having enough money to obtain what are considered the necessities in life, a perception that varies widely from person to person. *Do I have enough?* There is a direct relationship between this question and the balance in one's bank account. It is a constant part of the mental accounting that tracks and parallels the actual budgeting and accounting that may or may not be undertaken by the consumer. It applies both to everyday and to larger financial decision making: earning a living, paying bills, buying goods and services, saving and investing, paying taxes, settling accounts. "Is there enough?" will run through one's mind, "to pay what is owed, to educate children, to provide for one's family, to buy food or medicine, to pay the mortgage, or take a vacation?"

Sustainability—How Long Will It Last?

Sustainability is the kissing cousin of sufficiency. *How long will my money last?* This value too is a part of one's mental accounting system, and there is a direct relationship to the balance in one's savings account. If there is little saved, this question can wake us up at night, especially as we grow older. Consumers value knowing that they can make their payments and meet emergencies that may interrupt their income stream. Many consumers, of course, cannot meet an emergency. They are one paycheck away from financial disaster; some from even losing their home.

The value of financial sustainability may be asked in different ways. How long will my paycheck, savings, or resources last? How many payments do I have to make? When will I be able to retire? Will I have to go without? Whatever form this question takes, it is a crucial personal financial value.

Appropriateness—Is This Purchase, Plan, Home, Decision the Right One for Me?

This value dimension helps consumers stay out of financial trouble. For example, a young man has a job delivering publications, and he needs a car. His parents are willing to help him buy one, but would the parents choose a new Mercedes? Even if this young man's parents could afford a new Mercedes, it would be an inappropriate choice. No other value is more important than this question when it comes to one's personal finances: *Is this purchase, lifestyle choice, or solution to a financial problem an appropriate one for me to make?*

Helping Consumers to Help Themselves

The evidence from earlier studies of consumer decision making suggests that consumers think about finances based primarily on what they value in nonfinancial life areas. They often make financial decisions by framing them largely in nonfinancial terms. This makes sense, as market researchers know: first decide what you want, then figure out how to pay for it. Using data gathered from consumers, marketers target nonfinancial values and so must financial service professionals and educators if they are to "sell" consumers on their need to face the financial requirements today for future income security in later life.

Even when consumers consider choices within purely financial contexts, they involve abstract concepts of sufficiency, sustainability, and appropriateness, and these are the values that advisers and educators must emphasize in order to help consumers begin to enjoy tackling, and even to master, the financial aspects of their lives. Although these approaches to financial decision making are subjective and variable, consumers broadly employ them. When understood better by financial service professionals and financial educators, they can be incorporated into more empathic communications with and effective educational offerings to consumers about their financial options.

Financial service professionals and financial educators who understand how consumers approach financial decision making may find it easier to help spark in them the *desire* to become more knowledgeable about finances. From the "financial values system," it can be seen that almost all consumers (1) value having enough money to meet their needs, and (2) value knowing that their resources will last. However, unless they also (3) actively value the appropriateness of lifestyle and other financial choices they make, they will undermine their ability to support the sufficiency and sustainability of their future financial resources.

For consumers, becoming knowledgeable about finances is a means to an end, and the ends that consumers value most might reside in any one of the alternative life domains as shown in the LifeValues Model. The key challenge for financial service professionals and educators is to raise consumer financial life values to a level that embraces effective personal finance management as an end in itself. Again, we return to the LifeValues Model.

Is your client primarily devoted to family? Is he or she ambitious to maintain a comfortable lifestyle along with the physical trappings—large home, late model car—that communicate success in life? Are intellectual pursuits most valued? Is being thrifty, saving for the future, or otherwise growing a substantial net worth of great importance? Understanding what is valued most can give financial service professionals insight into what drives their client's financial decisions.

The Importance of Financial Education

General education levels determine access to occupation and income levels. Income levels, in turn, shape access to one's place of residence, community, social contacts and activities. Increased knowledge in personal finance specifically shapes the life course in other, extended ways by enhancing access to health care, credit, investment income, asset accumulation and asset protection.

The second predictor of financial security through knowledge is self-efficacy, which refers to a person's belief in his or her ability to deal with different situations in a competent manner. Confidence in one's ability to do a thing successfully increases (1) the likelihood of undertaking it, and (2) the probability of success.[24]

Values held about finances are also related to perceived task difficulty in money management. Eccles and Wigfield[25] assessed the relationship between achievement-related beliefs and self-perceptions, focusing on how people value achievement. Task values and ability perception factors were positively related to each other and negatively correlated to perceptions of task difficulty. While these researchers studied adolescents, their results nevertheless supported earlier research findings that people generally value undertaking those tasks that they feel competent to accomplish.

Many experiments have shown that a positive sense of self-efficacy can be created in those who lack it. It takes three important factors to make the shift to greater self-reliance.[26] In personal finance, these same factors are required to build or enhance self-efficacy in financial matters:

1. The opportunity to undertake a specific action that challenges one's sense of self-sufficiency without overwhelming it.
2. The presence of others who are supportive and reassuring.
3. The experience of succeeding at something, with confirming feedback from others.

With respect to the first factor, financial learning can take place in the same setting as financial planning. Similarly, special significance can be given to items 2 and 3, which require the presence and confirming feedback of advisers during the learning sessions or course offerings. These are key to understanding the shortcomings of personal financial educational programs that attempt to impart knowledge through providing information alone. In the words of one financial educator:

> A main challenge has been how to best utilize time in actual classes. We need to be concrete but also spend time hand holding, constantly reinforcing and giving support…behavior change comes slowly.[27]

Financial education efforts are of real significance if they can be based on what consumers value and what they can be *taught* to value. Incorporating consumer values into learning opportunities can provide the "inner spark" that is essential for them to *desire* financial self-sufficiency because they believe they can really attain it. Financial service professionals and educators, like advertisers, must meet consumers on their own terms. There is little chance that real change in consumer financial behaviors will occur unless the goals of all financial stakeholders are brought into congruence. ■

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(1) As widely reported, Federal Reserve Chairman Alan Greenspan warned Congress on February 25, 2004 to move quickly to fix the nation's swollen budget deficit by making "significant structural adjustments" to Social Security and Medicare. See *http://money.cnn.com/2004/02/25/news/economy/greenspan/.*

(2) Pinar Cebi, Margo Thorning, and Steven Wilber, "U.S. Personal Saving Rate," in Lois A. Vitt (ed.), *Encyclopedia of Retirement and Finance* (Westport, CT: Greenwood Press, 2003).

(3) This analogy is borrowed from David Shapiro, *Retirement Countdown* (Upper Saddle River, NJ: Financial Times Prentice Hall, 2004).

(4) Sarah Zapolsky, "Baby Boomers and Retirement," in Lois A. Vitt (ed.) *Encyclopedia of Retirement and Finance* (Westport, CT: Greenwood Press, 2003).

(5) Comment by AARP Policy and Strategy Director John Rother, "AARP Among Underwriters for 14th Annual Retirement Confidence Survey, " press release, April 5, 2004 (*http://www.aarp.org/research/press/presscurrentnews/Articles/a2004-04-05-rcs.html*).

(6) Dallas Salisbury, "Introduction" in the *Encyclopedia of Retirement and Finance.*

(7) Mathew Greenwald & Associates, Inc., Employee Benefit Research Institute (EBRI), and the American Savings Education Council (ASEC), 2003 *Retirement Confidence Survey.*

(8) Mathew Greenwald & Associates, Inc., , "Retirement Preparedness," *Encyclopedia of Retirement and Finance.* More striking results were found in the National Association for Variable Annuities 2002 national survey of people 45 years of age and older who had incomes of over $50,000 and did not own annuities. In this sample, only 23% of the respondents reportedly calculated the amount of money they needed to save in order for them to live comfortably in retirement

(9) Mathew Greenwald & Associates, Inc., "Retirement Preparedness," *Encyclopedia of Retirement and Finance.*

(10) Ralph L. Keeney, *Value-Focused Thinking: A Path to Creative Decisionmaking* (Cambridge, MA: Harvard University Press, 1992).

(11) John W. Payne, James R. Bettman, and Eric J. Johnson, "The Adaptive Decision Maker: Effort and Accuracy in Choice" in *Insights in Decision-making: A Tribute to Hillel J. Einhorn* (Chicago: The University of Chicago Press, 1990).

(12) Alden M. Hayashi, "When to Trust Your Gut," in *Harvard Business Review on Decisionmaking* (Cambridge, MA: Harvard Business School Publishing Corporation, 2001).

(13) E. Sharir, I. Simonson, and A. Tversky, "Reason-Based Choice," in William M. Golstein and R. M. Hogarth (eds.), *Research on Judgment and Decision-making: Currents, Connections, and Controversies* (Cambridge, MA: Cambridge University Press, 1997).

(14) Market research and advertising firms have long known that "consumer values" inform the process of major purchase decisions [e.g.,

Helga Dittmar, *The Social Psychology of Material Possessions: To Have is To Be* (Sussex: St. Martin's Press, 1992); Michel Tuan Pham, "Representativeness, Relevance, and the Use of Feelings in Decision Making," *Journal of Consumer Research* 25 (1998); Paul H. Ray, "Using Values to Study Customers," *American Demographics* 19 (1997): 34; Barbara B. Stern, "Escape from the Tyranny of Time: Temporal Themes and Consumer Values in Advertising," *Research in Consumer Behavior* 5 (1991): 215-232; Terrence H. Witkowski, "The Early American Style: A History of Marketing and Consumer Values," *Psychology & Marketing,* Vol. 15 (1998): 125-143.] They know too that each of us forms a unique set of personal values that underlie our ties to *home.* We use these values rationally, if sometimes unconsciously, to guide decisions about our living environments. What we value may differ significantly from other family members, and painful conflicts can transpire when a change of living environment must be considered and/or implemented.

(15) Nan Mead and Deborah J. Bowditch, "The Greatest Generation's Advantage," *Credit Union Magazine* (January 2004), *www.cuna.org.*

(16) Keeney, *Value-Focused Thinking,* 1992.

(17) Norman Feather, *Values, Achievement, and Justice: Studies in the Psychology of Deservingness* (New York: Kluwer Academic/Plenum Publishers, 1999).

(18) Clyde Kluckhohn, "Values and Value Orientations in the Theory of Action," in Talcot Parsons and E.S. Shils (eds.), *Towards a General Theory of Action* (Cambridge, MA: Harvard University Press, 1951).

(19) Milton Rokeach, *The Nature of Human Values* (New York: The Free Press, 1973).

(20) Milton Rokeach, *Understanding Human Values* (New York: The Free Press, 1979).

(21) Carol Anderson, "Life Planning" *Encyclopedia of Retirement and Finance.*

(22) LifeValues Model is used with the permission of Lois A. Vitt and the Institute for Socio-Financial Studies, Middleburg, VA.

(23) This paper omits the extensive grounded research and discussion of consumer and societal values, upon which the LifeValues Model is based. The term "values" also is not distinguished in this analysis from the concepts of "needs" and "wants." The model and theory are used with permission of Lois A. Vitt and the Institute for Socio-Financial Studies.

(24) John William Rowe and Robert L. Kahn, *Successful Aging* (New York: Dell Publishing, 1998).

(25) Jacquelynne Eccles and Allan Wigfield, "In the Mind of the Actor: The Structure of Adolescents' Achievement Task Values and Expectancy-Related Beliefs," *Personality and Social Psychology Bulletin* 21, No. 3 (1995).

(26) Al Seibert, *The Survivor Personality* (New York: Berkley Publishing Group, 1996).

(27) Lois A. Vitt, Carol Anderson, Jamie Kent, Deanna M. Lyter, Jurg K. Siegenthaler, and Jeremy Ward, *Personal Finance and the Rush to Competence: Financial Literacy Education in the U.S.* (Washington, DC: The Fannie Mae Foundation, 2000).