ASU W. P. Carey
School of Business

Arizona State University
Seidman Research Institute

ASSESSING THE SOCIAL IMPACT
OF FREEDOM DEBT RELIEF

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- *EPCOR Water (USA), Inc.*
- *Excelsior Mining*
- *Executive Budget Office State of Arizona*

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- *The Phoenix Philanthropy Group*
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- *Raytheon*
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- *Wells Fargo*
- *Yavapai County Jail District*

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EXECUTIVE SUMMARY

The purpose of this study is to provide measures of the impacts of the Freedom Debt Relief (FDR) program on the emotional and financial health of its clients. These impacts are assessed using two externally validated survey tools: the Financial Capability Scale (FCS) and the Perceived Stress Scale (PSS).

The Financial Capability Scale was developed by the University of Wisconsin-Madison's Center for Financial Security. The scale is designed to allow financial service organizations to capture client impacts through a short set of standardized outcome measures.[1] Higher FCS scores indicate greater financial capability. The Perceived Stress Scale was developed by psychologist Dr. Sheldon Cohen and is one of the most widely used instruments for measuring the perception of stress.[2] Higher PSS scores indicate increasing perceived stress.

Primary data for this study was supplied by Freedom Debt Relief through a survey of 3,452 people struggling with debt in October 2018. The respondents fall into four general categories: *FDR Current Clients*,[3] *FDR Graduates,*[4] *Never Enrolled,*[5] and *General Population.*[6] *Never Enrolled New*, the subsample of the *Never Enrolled* group with age of debt most closely matching that of *FDR Current Clients*, is treated as the control group for *FDR Current Clients*. *Never Enrolled Old*, the subsample with age of debt most closely matching that of *FDR Graduates*, is treated as the control group for *FDR Graduates*. Each group is evaluated on FCS and PSS total scores, as well as on individual items from each scale.

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[1] Collins, J. M., & O'Rourke, C. (2013). Financial Capability Scale (FCS). https://fyi.uwex.edu/financialcoaching/measures/

[2] Cohen, S., Kamarck, T., Mermelstein, R. (1983). *A global measure of perceived stress.* Journal of Health and Social Behavior, 24, 385-396.

[3] *FDR Current Clients* are Freedom Debt Relief clients who have had at least 1 debt settlement in the program

[4] *FDR Graduates* are Freedom Debt Relief clients who have completed the debt settlement program

[5] *Never Enrolled* is sample of Freedom Debt Relief prospective clients who contacted FDR and qualified for the program, but did not enroll

[6] *General Population* is a sample of the U.S. consumers who did not contact Freedom Debt Relief, but have at least $10,000 in unsecured debt

Financial Capability Scale (FCS) Scores

Both *FDR Current Clients* and *FDR Graduates* score significantly higher on the Financial Capability Scale than *Never Enrolled New* and *Never Enrolled Old*, respectively. Higher scores indicate more financial capability.

In terms of total scores:

- *FDR Current Clients* score 12% higher relative to *Never Enrolled New* on the FCS,[7]

- *FDR Graduates* score 24% higher relative to *Never Enrolled Old* on the FCS,[8] and

- *FDR Graduates* score 16% higher relative to *FDR Current Clients* on the FCS.[9]

FDR Graduates also score significantly higher than *Never Enrolled Old* on many individual items from the FCS, such as:

- *FDR Graduates* score 13% higher relative to *Never Enrolled Old* when asked if they have a personal budget, spending plan, or financial plan,[10]

- *FDR Graduates* score 17% higher relative to *Never Enrolled Old* when asked how confident they are in their ability to achieve a financial goal they set for themselves today,[11]

- *FDR Graduates* score 19% higher relative to *Never Enrolled Old* when asked if they have an automatic deposit or electronic transfer to put money away for future use,[12]

- *FDR Graduates* score 25% higher relative to *Never Enrolled Old* when asked if their spending was less than their total income over the past month,[13] and

- *FDR Graduates* score 45% lower relative to *Never Enrolled Old* when asked if they have been charged a late fee on a loan or bill in the past two months.[14]

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[7] Where relative percent is calculated as *[(FDR Current Clients Mean – Never Enrolled New Mean)/Never Enrolled New Mean]*100*

[8] Where relative percent is calculated as *[(FDR Graduates Mean – Never Enrolled Old Mean)/Never Enrolled Old Mean]*100*

[9] Where relative percent is calculated as *[(FDR Graduates Mean – FDR Current Clients Mean)/ FDR Current Clients Mean]*100*

[10] Where relative percent is calculated as *[(FDR Graduates Mean – Never Enrolled Old Mean)/Never Enrolled Old Mean]*100*

[11] Where relative percent is calculated as *[(FDR Graduates Mean – Never Enrolled Old Mean)/Never Enrolled Old Mean]*100*

[12] Where relative percent is calculated as *[(FDR Graduates Mean – Never Enrolled Old Mean)/Never Enrolled Old Mean]*100*

[13] Where relative percent is calculated as *[(FDR Graduates Mean – Never Enrolled Old Mean)/Never Enrolled Old Mean]*100*

[14] Where relative percent is calculated as *[(FDR Graduates Mean – Never Enrolled Old Mean)/Never Enrolled Old Mean]*100*

Perceived Stress Scale (PSS) Scores

FDR Graduates score significantly lower on the Perceived Stress Scale than *Never Enrolled Old*, indicating they experience lower levels of perceived stress.

In terms of total scores:

- *FDR Current Clients* score lower on the PSS than *Never Enrolled New* but the difference is not statistically significant,
- *FDR Graduates* score 21% lower relative to *Never Enrolled Old* on the PSS,[15] and
- *FDR Graduates* also score 22% lower relative to *FDR Current Clients* on the PSS.[16]

FDR Graduates score significantly lower than *Never Enrolled Old* on all individual items of the PSS, including:

- *FDR Graduates* report feeling upset because of something that happened unexpectedly less often than *Never Enrolled Old*,
- *FDR Graduates* report feeling unable to control the important things in their lives less often than *Never Enrolled Old*,
- *FDR Graduates* report feeling nervous or stressed less often than *Never Enrolled Old*,
- *FDR Graduates* report feeling that things are going their way more often than *Never Enrolled Old*,
- *FDR Graduates* report feeling on top of things more often than *Never Enrolled Old*, and
- *FDR Graduates* report feeling that difficulties are piling up too high to overcome them less often than *Never Enrolled Old*.

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[15] Where relative percent is calculated as *[(FDR Graduates Mean – Never Enrolled Old Mean)/Never Enrolled Old Mean]*100*
[16] Where relative percent is calculated as *[(FDR Graduates Mean – FDR Current Clients Mean)/ FDR Current Clients Mean]*100*

1.0 INTRODUCTION

The L. William Seidman Research Institute at Arizona State University (Seidman) was commissioned by Freedom Debt Relief (FDR) to conduct research examining the impacts of the FDR program on those who are struggling with debt. The principal objective of the study is to measure the impacts of the FDR program on their clients' financial and emotional health.

Debt settlement programs involve companies negotiating with creditors to allow consumers to pay a settlement to resolve outstanding debt, a lump sum that is less than the full amount owed.[17] Debt settlement programs typically ask clients to designate an amount of money every month to an escrow-like account in order to accumulate enough savings to pay off any settlement that is eventually reached with creditors.[18] Freedom Debt Relief is one of multiple debt settlement programs offered to consumers by for-profit companies.

Seidman utilizes externally validated survey tools developed by the University of Wisconsin-Madison's Center for Financial Security and psychologist Dr. Sheldon Cohen. The Financial Capability Scale (FCS) is used to measure financial capability of individuals with consumer debt (See Appendix A).[19] The Perceived Stress Scale (PSS) is used to measure the perception of stress in individuals with consumer debt (See Appendix B).[20]

1.1 Financial Capability Scale (FCS)

The Financial Capability Scale (FCS) was developed by the University of Wisconsin-Madison's Center for Financial Security with support from the Annie E. Casey Foundation. The scale provides a short set of standardized client outcome measures designed to allow financial service organizations to improve their capacity to demonstrate client impacts.[21]

In 2011, the Center for Financial Security worked in collaboration with four organizations to collect data on client outcome measures, with the goal of developing a set of measures that could be used across

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[17] Federal Trade Commission, Consumer Information. (n.d.). *Coping with Debt.*
[18] Ibid.
[19] Collins & O'Rourke, Financial Capability Scale.
[20] Cohen, Kamarck, & Mermelstein, *A global measure of perceived stress*.
[21] Collins & O'Rourke, Financial Capability Scale.

different programs.[22] Standardized measures were pilot tested with nonprofit project partners at Bon Secours of Baltimore, the Financial Clinic of New York City, UW-Cooperative Extension, and LISC Chicago. The Center for Financial Security refined the measures based on a series of feedback from these partners, existing surveys, and the Center's own research.[23] The final outcome measures were selected based on feasibility, prior usage, and how well the measures target the key outcomes in financial coaching.[24]

The standard 8-question survey was tested for reliability and validity with data provided from the four partner organizations. An FCS score of 0-3 points is considered low, a score of 4-5 points is considered moderate, and a score of 6-8 points is considered high.[25] Data collected on client outcomes was compared to external data from credit reports, bank accounts, or employment histories.[26] This allowed the CFS to validate that the scale is sufficiently correlated with credit score and delinquency rates and that the scale can act as a proxy metric for credit status.[27] The FCS was also evaluated over time to ensure consistent client responses as a test of reliability. Finally, the FCS was tested for internal reliability and to ensure the scale was made up of the smallest number of questions that could reasonably measure financial capability.[28]

The scale has been further evaluated by Prosperity Now, an organization that seeks to help people of limited incomes achieve financial security,[29] as well as the Asset Funders Network, a network of grant makers that invest in policies, programs, and financial products for low-to-moderate income people.[30] A model of the scale was used in a 2013-2015 study by United Way of Massachusetts Bay and Merrimack Valley, which measured the outcomes of financial coaching for low-income residents.[31] The FCS has also been implemented in The Financial Clinic's online platform Change Machine, designed to provide tools and resources needed to address underlying financial insecurity in customers.[32]

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[22] Collins, J. M., & O'Rourke, C. (2013). *Finding A Yardstick: Field Testing Outcome Measures for Community-based Financial Coaching and Capability Programs.* Center for Financial Security, University of Wisconsin-Madison.
[23] Ibid.
[24] Ibid.
[25] Financial Capability Scale: Questions and Guide to Using the Scale. (n.d.). Asset Funders Network, the Annie E. Casey Foundation, Center for Financial Security.
[26] Collins & O'Rourke, *Finding a Yardstick*.
[27] Ibid.
[28] Ibid.
[29] Cohen, P., Hoagland, E., & Wierdrich, K. (2017). *Measuring Financial Capability and Well-Being in Financial Coaching Programs.* Prosperity Now.
[30] About Asset Funders Network. (n.d.). https://assetfunders.org/about-afn/
[31] Sokoloff, G. (2016). *Raising the Bar: Transforming Financial Support Service for Low Income Residents by Promoting High Quality, Standards - Based Financial Coaching.* United Way of Massachusetts Bay and Merrimack Valley.
[32] Change Machine. (n.d.). https://change-machine.org/

1.2 Perceived Stress Scale (PSS)

The Perceived Stress Scale (PSS), developed by Dr. Sheldon Cohen in 1983, remains one of the most widely used psychological instruments for measuring the perception of stress.[33] Dr. Cohen is the Robert E. Doherty University Professor of Psychology at Carnegie Mellon University, as well as the director of the Laboratory for the Study of Stress, Immunity, and Disease.

The PSS was originally developed as a 14-item scale but has since been broken into two product short forms of 10 and 4 items from the original 14. The questions in the survey ask about the participant's feelings and thoughts within the last month. The questions are general in nature and free of content specific to any sub-population group.[34] High PSS scores are correlated with higher biomarkers of stress such as cortisol.[35] The scale and its subscales have been evaluated for internal consistency, test-retest reliability, and predictive validity in adults of various backgrounds. Evaluations have found that the PSS shows adequate internal consistency and retest reliability, and high scores are associated with depression, neuroticism, and negative affect.[36]

Individual scores on the 10-item PSS Scale can range from 0 to 40, with higher scores indicating more perceived stress. A score ranging from 0-13 is considered a low perceived stress level, 14-26 is a moderate perceived stress level, and 27-40 is a high perceived stress level.[37]

The PSS has been translated into 18 languages and used in numerous academic studies. The scale was used in a 2007 study by the Department of Psychology at Harvard University measuring the association of perceived stress with blunted hedonic capacity.[38] The scale was also used in a 2008 study of Turkish university students at the Middle East Technical University and was found to be a reliable and valid measure of perceived stress for the sample.[39] The PSS was further validated in a study of a Greek community-based sample which compared 941 individuals' PSS scores with physical symptoms of stress

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[33] Cohen, Kamarck, & Mermelstein, *A global measure of perceived stress*.

[34] Nelson, L. (2010, February 23). PSS Scoring. http://www.psy.cmu.edu/~scohen/PSSscore.html

[35] 16. Van Eck MM, Nicolson NA. *Perceived Stress and Salivary Cortisol in Daily Life.* Ann. Behav. Med. 1994; 16: 221–227.

[36] Jiang, J. M., Seng, E. K., Zimmerman, M. E., Sliwinski, M., Kim, M., & Lipton, R. B. (2017). *Evaluation of the Reliability, Validity, and Predictive Validity of the Subscales of the Perceived Stress Scale in Older Adults*. Journal of Alzheimer's Disease, 987-996.

[37] Dawson, M., Hamson-Utley, J., Hansen, R., Olpin, M. (2014). *Examining the Effectiveness of Psychological Strategies on Physiologic Markers: Evidence-Based Suggestions for Holistic Care of the Athlete.*

[38] Pizzagalli, D. A., Bogdan, R., Ratner, K. G., Jahn, A. L. (2007). *Increased perceived stress is associated with blunted hedonic capacity: Potential implications for depression research.* Behavior and Research Therapy, 2742-2753.

[39] Orucu, M. C., & Demir, A. (2009). *Psychometric evaluation of perceived stress scale for Turkish university students*. Stress and Health, 103-109.

and Depression Anxiety Stress Scale outcomes. The study found that the PSS-14 and PSS-10 both exhibited satisfactory psychometric properties for the sample, and their use in research and healthcare practice is warranted.[40]

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[40] Andreou, E., Alexoploulos, E. C., Lionis, C., Varvogli, L., Gnardellis, C., Chrousos, G. P., & Darviri, C. (2011). *Perceived Stress Scale: Reliability and Validity Study in Greece.* International Journal of Environmental Research and Public Health, 3287-3289.

2.0 DATA AND METHOD

2.1 Data

Freedom Debt Relief surveyed 3,452 people struggling with debt in October 2018. The respondents fall into four general categories: *FDR Current Clients*, *FDR Graduates*, *Never Enrolled*, and *General Population.* The *FDR Current Clients*, *FDR Graduates*, and *Never Enrolled* groups were invited to take an online survey by Freedom Debt Relief via email, which included an incentive for participation. The *General Population* surveys were hosted by a third-party marketing research company, Decipher, Inc. through a standard market research panel. The *General Population* survey was available between October 4th and October 15th. Decipher offered an incentive for completion. The two versions of the survey were the same, with the exception of some additional questions on the *General Population* survey.

The samples are classified as follows:

- *FDR Current Clients*: A sample of Freedom Debt Relief clients who have had at least 1 debt settlement in the program (n=510)
- *FDR Graduates*: A sample of Freedom Debt Relief clients who have completed the debt settlement program (n=526)
- *Never Enrolled*: A sample of Freedom Debt Relief prospective clients who contacted FDR and qualified for the program, but did not enroll (n=517)
    - o *Never Enrolled New*: A subsample of prospective clients with the newest debt (n=258)
    - o *Never Enrolled Old*: A subsample of prospective clients with the oldest debt (n=259)
- *General Population*: A sample of U.S. consumers who did not contact Freedom Debt Relief, but have at least $10,000 in unsecured debt (n=1501)

2.2 Method

The online survey consisted of the FCS 8-item scale, the PSS 10-item scale, as well as a number of demographic, financial, and attitudinal questions. Scores for the FCS and PSS are calculated according to the scoring guidelines provided by the University of Wisconsin-Madison and Carnegie Mellon University, respectively.

The *Never Enrolled* sample is divided into two control groups based on their debt profile. Time in debt for this sample is estimated based on the timestamp of first contact with Freedom Debt Relief. Based on historical data, Freedom Debt Relief estimates the median period of holding consumer debt before contacting relief services to be 4.5 years. Time in debt for the *Never Enrolled* sample is thus calculated as the sum of lapsed time since first contact with Freedom Debt Relief and 4.5 years. For comparison, time in debt for *FDR Current Clients* and *FDR Graduates* is calculated as the sum of time in Freedom Debt Relief program and 4.5 years.

Never Enrolled New, the subsample with age of debt most closely matching that of *FDR Current Clients*, is treated as the control group for *FDR Current Clients*. *Never Enrolled Old*, the subsample with age of debt most closely matching that of *FDR Graduates*, is treated as the control group for *FDR Graduates*. Each group is evaluated on FCS and PSS total scores, as well as on individual items from each scale.

The *General Population* group is analyzed separately. This sample is used to inform a profile of the general financial and emotional wellbeing of the average consumer with at least $10,000 in unsecured debt.

3.0 OVERVIEW OF SAMPLE CHARACTERISTICS

3.1 Demographic Characteristics

- The *FDR Current Client* sample is approximately 60% female and 40% male. The average age of a participant in this sample is 54.3 years.

- The *FDR Graduate* sample is approximately 61% female and 39% male. The average age of a participant in this sample is 52.5 years.

- The *Never Enrolled New* sample is approximately 58% female and 42% male. The average age of a participant in this sample is 53.4 years.

- The *Never Enrolled Old* sample is approximately 56% female and 44% male. The average age of a participant in this sample is 54.3 years.

- The *General Population* group is approximately 60% female and 40% male. The average age of a participant in this group is 53.5 years.

Table 1: Age of Survey Participants

	FDR Current Clients	FDR Graduates	Never Enrolled New	Never Enrolled Old	General Population
18-27	1.0%	0.8%	3.5%	3.9%	7.7%
28-37	12.9%	13.3%	13.2%	10.4%	15.7%
38-47	16.1%	19.6%	16.7%	19.3%	14.4%
48-57	25.3%	31.7%	25.6%	22.4%	14.1%
58-67	29.2%	24.5%	21.7%	20.5%	22.3%
68-77	14.1%	8.0%	16.7%	18.9%	20.2%
78-87	1.4%	2.1%	2.3%	4.6%	5.6%
88-97	0.0%	0.0%	0.4%	0.0%	0.0%
	n=510	n=526	n=258	n=259	n=1501

3.2 Debt Characteristics

- The *FDR Current Client* sample has an average unsecured debt amount of $42,162 and an estimated time in debt of 5.75 years. This sample has an average ratio of total debt (secured and unsecured) to annual salary of 2.5.

- The *FDR Graduate* sample has an average unsecured debt amount of $16,029 and an estimated time in debt of 8.5 years. This sample has an average ratio of total debt (secured and unsecured) to annual salary of 1.4.

- The *Never Enrolled New* sample has an average unsecured debt amount of $32,867 and an average time in debt of 5.0 years. This sample has an average ratio of total debt (secured and unsecured) to annual salary of 2.9.

- The *Never Enrolled Old* sample has an average unsecured debt amount of $47,914 and an average time in debt of 6.2 years. This sample has an average ratio of total debt (secured and unsecured) to annual salary of 3.1.

- The *General Population* sample has an average unsecured debt amount of $27,270 and an average time in debt of 3.8 years. This sample has an average ratio of total debt (secured and unsecured) to annual salary of 1.9.

4.0 ANALYSIS

4.1 Financial Capability Scale (FCS) Overall Scores

The Financial Capability Scale is out of 8 points, where items 7 and 8 of the scale are not scored.[41] Higher FCS scores indicate more financial capability. To compare total scores, Seidman conducted a two-tailed hypothesis test for the difference of means. A p-value of less than 0.1 indicates that there is a statistically significant difference between the two means at a 90% level.

FDR Current Clients Mean	4.27
Never Enrolled New Mean	3.80
p-value	[0.003]*
FDR Graduates Mean	4.97
Never Enrolled Old Mean	4.00
p-value	[0]*
FDR Current Clients Mean	4.27
FDR Graduates Mean	4.97
p-value	[0]*

FDR Current Clients score 12% higher relative to *Never Enrolled New* on the Financial Capability Scale.[42] *FDR Graduates* score 24% higher relative to *Never Enrolled Old* on the Financial Capability Scale.[43] Relative to *FDR Current Clients*, *FDR Graduates* score 16% higher on the Financial Capability Scale.[44]

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[41] FCS items 7 and 8 were not scored in accordance with the UW Center for Financial Security's scoring guidelines

[42] Where relative percent is calculated as *[(FDR Current Clients Mean – Never Enrolled New Mean)/Never Enrolled New Mean]*100*

[43] Where relative percent is calculated as *[(FDR Graduates Mean – Never Enrolled Old Mean)/Never Enrolled Old Mean]*100*

[44] Where relative percent is calculated as *[(FDR Graduates Mean – FDR Current Clients Mean)/ FDR Current Clients Mean]*100*

* The difference is statistically significant at a 90% level

** The difference is not statistically significant 90% level

4.2 Perceived Stress Scale (PSS) Overall Scores

The Perceived Stress Scale is out of 40 points, with higher scores indicating more perceived stress. To compare total scores, Seidman conducted a two-tailed test for the difference of means.

FDR Current Clients Mean	19.13
Never Enrolled New Mean	19.50
p-value	[0.549]**
FDR Graduates Mean	14.85
Never Enrolled Old Mean	18.85
p-value	[0]*
FDR Current Clients Mean	19.13
FDR Graduates Mean	14.85
p-value	[0]*

FDR Current Clients do score lower on the Perceived Stress Scale than *Never Enrolled New* but the difference is too small to be statistically significant. *FDR Graduates* score 21% lower relative to *Never Enrolled Old* on the Perceived Stress Scale.[45] *FDR Graduates* also score 22% lower relative to *FDR Current Clients* on the Perceived Stress Scale.[46]

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[45] Where relative percent is calculated as *[(FDR Graduates Mean – Never Enrolled Old Mean)/Never Enrolled Old Mean]*100*
[46] Where relative percent is calculated as *[(FDR Graduates Mean – FDR Current Clients Mean)/ FDR Current Clients Mean]*100*
* The difference is statistically significant at a 90% level
** The difference is not statistically significant 90% level

4.3 FCS Individual Item Scores

For each item of the FCS 8-item scale, Seidman conducted a two-tailed test for the difference of means. Most FCS items have a score between 0 and 1. Items 2 and 3 have a score between 0 and 2, and item 8 has a score between 0 and 3. Higher FCS scores indicate more financial capability.

- FCS Item 1 – Do you currently have a personal budget, spending plan, or financial plan?

FDR Current Clients Mean	0.69
Never Enrolled New Mean	0.58
p-value	[0.003]*
FDR Graduates Mean	0.71
Never Enrolled Old Mean	0.63
p-value	[0.016]*
FDR Current Clients Mean	0.69
FDR Graduates Mean	0.71
p-value	[0.465]**

- FCS Item 2 – How confident are you in your ability to achieve a financial goal you set for yourself today?

FDR Current Clients Mean	1.17
Never Enrolled New Mean	1.08
p-value	[0.099]*
FDR Graduates Mean	1.29
Never Enrolled Old Mean	1.10
p-value	[0.001]*
FDR Current Clients Mean	1.17
FDR Graduates Mean	1.29
p-value	[0.003]*

* The difference is statistically significant at a 90% level
** The difference is not statistically significant 90% level

- FCS Item 3 – If you had an unexpected expense or someone in your family lost a job, got sick, or had another emergency, how confident are you that your family could come up with money to make ends meet within a month?

FDR Current Clients Mean	0.66
Never Enrolled New Mean	0.62
p-value	[0.462]**
FDR Graduates Mean	0.87
Never Enrolled Old Mean	0.66
p-value	[0]*
FDR Current Clients Mean	0.66
FDR Graduates Mean	0.87
p-value	[0]*

- FCS Item 4 – Do you currently have an automatic deposit or electronic transfer set up to put money away for future use (such as savings)?

FDR Current Clients Mean	0.48
Never Enrolled New Mean	0.44
p-value	[0.244]**
FDR Graduates Mean	0.56
Never Enrolled Old Mean	0.47
p-value	[0.012]*
FDR Current Clients Mean	0.48
FDR Graduates Mean	0.56
p-value	[0.010]*

* The difference is statistically significant at a 90% level
** The difference is not statistically significant 90% level

- FCS Item 5 – Over the past month, would you say your family's spending on living expenses was less than its total income?

FDR Current Clients Mean	0.67
Never Enrolled New Mean	0.58
p-value	[0.015]*
FDR Graduates Mean	0.74
Never Enrolled Old Mean	0.59
p-value	[0]*
FDR Current Clients Mean	0.67
FDR Graduates Mean	0.74
p-value	[0.015]*

- FCS Item 6 – In the last 2 months, have you been charged a late fee on a loan or bill? (reverse scored item)

FDR Current Clients Mean	0.59
Never Enrolled New Mean	0.50
p-value	[0.014]*
FDR Graduates Mean	0.80
Never Enrolled Old Mean	0.55
p-value	[0]*
FDR Current Clients Mean	0.59
FDR Graduates Mean	0.80
p-value	[0]*

* The difference is statistically significant at a 90% level
** The difference is not statistically significant 90% level

- FCS Item 7 – Do you currently have at least one financial goal?

FDR Current Clients Mean	0.92
Never Enrolled New Mean	0.90
p-value	[0.371]**
FDR Graduates Mean	0.92
Never Enrolled Old Mean	0.93
p-value	[0.601]**
FDR Current Clients Mean	0.91
FDR Graduates Mean	0.92
p-value	[0.794]**

- FCS Item 8 – How would you rate your current credit record?

FDR Current Clients Mean	1.25
Never Enrolled New Mean	1.60
p-value	[0]*
FDR Graduates Mean	2.27
Never Enrolled Old Mean	1.55
p-value	[0]*
FDR Current Clients Mean	1.25
FDR Graduates Mean	2.27
p-value	[0]*

* The difference is statistically significant at a 90% level
** The difference is not statistically significant 90% level

FDR Current Clients score significantly higher than *Never Enrolled New* on some individual items from the FCS, including:

- *FDR Current Clients* score 19% higher relative to *Never Enrolled New* when asked if they have a personal budget, spending plan, or financial plan,[47]

- *FDR Current Clients* score 16% higher relative to *Never Enrolled New* when asked if their spending was less than their total income over the past month,[48] and

- *FDR Current Clients* score 18% higher relative to *Never Enrolled New* when asked if they have been charged a late fee on a loan or bill in the past two months.[49]

FDR Graduates also score significantly higher than *Never Enrolled Old* on many individual items from the FCS, such as:

- *FDR Graduates* score 13% higher relative to *Never Enrolled Old* when asked if they have a personal budget, spending plan, or financial plan,[50]

- *FDR Graduates* score 17% higher relative to *Never Enrolled Old* when asked how confident they are in their ability to achieve a financial goal they set for themselves today,[51]

- *FDR Graduates* score 19% higher relative to *Never Enrolled Old* when asked if they have an automatic deposit or electronic transfer to put money away for future use,[52]

- *FDR Graduates* score 25% higher relative to *Never Enrolled Old* when asked if their spending was less than their total income over the past month,[53] and

- *FDR Graduates* score 45% lower relative to *Never Enrolled Old* when asked if they have been charged a late fee on a loan or bill in the past two months.[54]

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[47] Where relative percent is calculated as *[(FDR Current Clients Mean – Never Enrolled New Mean)/Never Enrolled New Mean]*100*

[48] Where relative percent is calculated as *[(FDR Current Clients Mean – Never Enrolled New Mean)/Never Enrolled New Mean]*100*

[49] Where relative percent is calculated as *[(FDR Current Clients Mean – Never Enrolled New Mean)/Never Enrolled New Mean]*100*

[50] Where relative percent is calculated as *[(FDR Graduates Mean – Never Enrolled Old Mean)/Never Enrolled Old Mean]*100*

[51] Where relative percent is calculated as *[(FDR Graduates Mean – Never Enrolled Old Mean)/Never Enrolled Old Mean]*100*

[52] Where relative percent is calculated as *[(FDR Graduates Mean – Never Enrolled Old Mean)/Never Enrolled Old Mean]*100*

[53] Where relative percent is calculated as *[(FDR Graduates Mean – Never Enrolled Old Mean)/Never Enrolled Old Mean]*100*

[54] Where relative percent is calculated as *[(FDR Graduates Mean – Never Enrolled Old Mean)/Never Enrolled Old Mean]*100*

* The difference is statistically significant at a 90% level
** The difference is not statistically significant 90% level

4.4 PSS Individual Item Scores

For each item of the PSS 10-item scale, Seidman conducted a two-tailed test for the difference of means. Each PSS item has a score between 0 and 4, where a higher score indicates more perceived stress.

- PSS Item 1 – In the last month, how often have you been upset because of something that happened unexpectedly?

FDR Current Clients Mean	2.19
Never Enrolled New Mean	2.21
p-value	[0.826]**

FDR Graduates Mean	1.70
Never Enrolled Old Mean	2.08
p-value	[0]*

FDR Current Clients Mean	2.19
FDR Graduates Mean	1.70
p-value	[0]*

- PSS Item 2 – In the last month, how often have you felt that you were unable to control the important things in your life?

FDR Current Clients Mean	2.03
Never Enrolled New Mean	2.00
p-value	[0.701]**

FDR Graduates Mean	1.50
Never Enrolled Old Mean	1.98
p-value	[0]*

FDR Current Clients Mean	2.03
FDR Graduates Mean	1.50
p-value	[0]*

* The difference is statistically significant at a 90% level
** The difference is not statistically significant 90% level

- PSS Item 3 – In the last month, how often have you felt nervous or "stressed"?

     FDR Current Clients Mean   2.55
     Never Enrolled New Mean   2.48
     p-value   [0.379]**

     FDR Graduates Mean   2.00
     Never Enrolled Old Mean   2.40
     p-value   [0]*

     FDR Current Clients Mean   2.55
     FDR Graduates Mean   2.00
     p-value   [0]*

- PSS Item 4 – In the last month, how often have you felt confident about your ability to handle your personal problems? (reverse scored item)

     FDR Current Clients Mean   1.52
     Never Enrolled New Mean   1.73
     p-value   [0.006]*

     FDR Graduates Mean   1.21
     Never Enrolled Old Mean   1.53
     p-value   [0]*

     FDR Current Clients Mean   1.52
     FDR Graduates Mean   1.21
     p-value   [0]*

* The difference is statistically significant at a 90% level
** The difference is not statistically significant 90% level

- PSS Item 5 – In the last month, how often have you felt that things were going your way? (reverse scored item)

FDR Current Clients Mean	1.96
Never Enrolled New Mean	1.98
p-value	[0.787]**
FDR Graduates Mean	1.51
Never Enrolled Old Mean	1.93
p-value	[0]*
FDR Current Clients Mean	1.96
FDR Graduates Mean	1.51
p-value	[0]*

- PSS Item 6 – In the last month, how often have you found that you could not cope with all the things you had to do?

FDR Current Clients Mean	1.79
Never Enrolled New Mean	1.76
p-value	[0.696]**
FDR Graduates Mean	1.43
Never Enrolled Old Mean	1.83
p-value	[0]*
FDR Current Clients Mean	1.79
FDR Graduates Mean	1.43
p-value	[0]*

* The difference is statistically significant at a 90% level
** The difference is not statistically significant 90% level

- PSS Item 7 – In the last month, how often have you been able to control irritations in your life? (reverse scored item)

FDR Current Clients Mean	1.53
Never Enrolled New Mean	1.52
p-value	[0.958]**

FDR Graduates Mean	1.30
Never Enrolled Old Mean	1.62
p-value	[0]*

FDR Current Clients Mean	1.53
FDR Graduates Mean	1.30
p-value	[0]*

- PSS Item 8 – In the last month, how often have you felt that you were on top of things? (reverse scored item)

FDR Current Clients Mean	1.83
Never Enrolled New Mean	1.90
p-value	[0.437]**

FDR Graduates Mean	1.38
Never Enrolled Old Mean	1.80
p-value	[0]*

FDR Current Clients Mean	1.83
FDR Graduates Mean	1.38
p-value	[0]*

* The difference is statistically significant at a 90% level
** The difference is not statistically significant 90% level

- PSS Item 9 – In the last month, how often have you been angered because of things that were outside of your control?

FDR Current Clients Mean	1.90
Never Enrolled New Mean	1.93
p-value	[0.756]**
FDR Graduates Mean	1.56
Never Enrolled Old Mean	1.82
p-value	[0.001]*
FDR Current Clients Mean	1.90
FDR Graduates Mean	1.56
p-value	[0]*

- PSS Item 10 – In the last month, how often have you felt that difficulties were piling up so high that you could not overcome them?

FDR Current Clients Mean	1.83
Never Enrolled New Mean	2.02
p-value	[0.029]*
FDR Graduates Mean	1.26
Never Enrolled Old Mean	1.87
p-value	[0]*
FDR Current Clients Mean	1.83
FDR Graduates Mean	1.26
p-value	[0]*

* The difference is statistically significant at a 90% level
** The difference is not statistically significant 90% level

While *FDR Current Clients* do not score significantly better on the Perceived Stress Scale than *Never Enrolled New*, *FDR Current Clients* score significantly better on some individual items from the PSS, such as:

- *FDR Current Clients* report feeling confident about their ability to handle personal problems more often than *Never Enrolled New*, and

- *FDR Current Clients* report feeling that difficulties are piling up too high to overcome them less often than *Never Enrolled New*.

FDR Graduates score significantly lower than *Never Enrolled Old* on all individual items of the PSS, including:

- *FDR Graduates* report feeling upset because of something that happened unexpectedly less often than *Never Enrolled Old*,

- *FDR Graduates* report feeling unable to control the important things in their lives less often than *Never Enrolled Old*,

- *FDR Graduates* report feeling nervous or stressed less often than *Never Enrolled Old*,

- *FDR Graduates* report feeling confident about their ability to handle personal problems more often than *Never Enrolled Old*,

- *FDR Graduates* report feeling that things are going their way more often than *Never Enrolled Old*,

- *FDR Graduates* report feeling that they cannot cope with all the things they have to do less often than *Never Enrolled Old*,

- *FDR Graduates* report feeling able to control the irritations in their lives more often than *Never Enrolled Old*,

- *FDR Graduates* report feeling on top of things more often than *Never Enrolled Old*,

- *FDR Graduates* report feeling angered because of things outside of their control less often than *Never Enrolled Old*, and

- *FDR Graduates* report feeling that difficulties are piling up too high to overcome them less often than *Never Enrolled Old*.

* The difference is statistically significant at a 90% level
** The difference is not statistically significant 90% level

4.5 FCS and PSS Score Benchmarks

According to Financial Capability Scale benchmarks, a score of 0-3 points indicates low financial capability, a score of 4-5 points indicates moderate financial capability, and a score of 6-8 points indicates high financial capability. Seidman conducted a two-tailed hypothesis test for the difference of two proportions, where the proportions represent the number of individuals in the groups being compared who fell into the high financial capability category.

FDR Current Clients Proportion	0.26
Never Enrolled New Proportion	0.27
p-value	[0.753]**
FDR Graduates Proportion	0.42
Never Enrolled Old Proportion	0.27
p-value	[0]*

On the Perceived Stress Scale, a score from 0-13 is considered a low perceived stress level, 14-26 is a moderate perceived stress level, and 27-40 is a high perceived stress level. Seidman conducted a two-tailed hypothesis test for the difference of two proportions, where the proportions represent the number of individuals who fell into the low perceived stress category.

FDR Current Clients Proportion	0.21
Never Enrolled New Proportion	0.22
p-value	[0.817]**
FDR Graduates Proportion	0.44
Never Enrolled Old Proportion	0.25
p-value	[0]*

The proportions of each sample that fell into FCS and PSS benchmarks are summarized in Charts 1 through 4.

* The difference is statistically significant at a 90% level
** The difference is not statistically significant 90% level

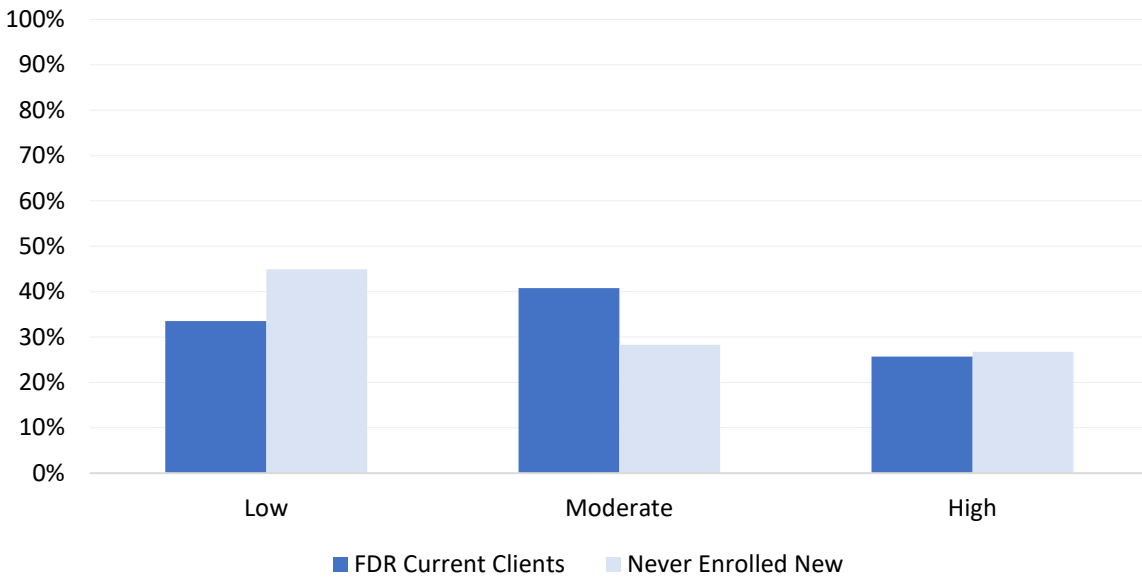**Chart 1: Financial Capability of Newer Debt Samples**

Bar chart comparing FDR Current Clients and Never Enrolled New across Low, Moderate, and High categories. Low: FDR Current Clients ~34%, Never Enrolled New ~45%. Moderate: FDR Current Clients ~41%, Never Enrolled New ~28%. High: FDR Current Clients ~26%, Never Enrolled New ~27%.

Legend: ■ FDR Current Clients ■ Never Enrolled New

Chart 2: Financial Capability of Older Debt Samples

Bar chart comparing FDR Graduates and Never Enrolled Old across Low, Moderate, and High categories. Low: FDR Graduates ~26%, Never Enrolled Old ~43%. Moderate: FDR Graduates ~32%, Never Enrolled Old ~30%. High: FDR Graduates ~42%, Never Enrolled Old ~27%.

Legend: ■ FDR Graduates ■ Never Enrolled Old
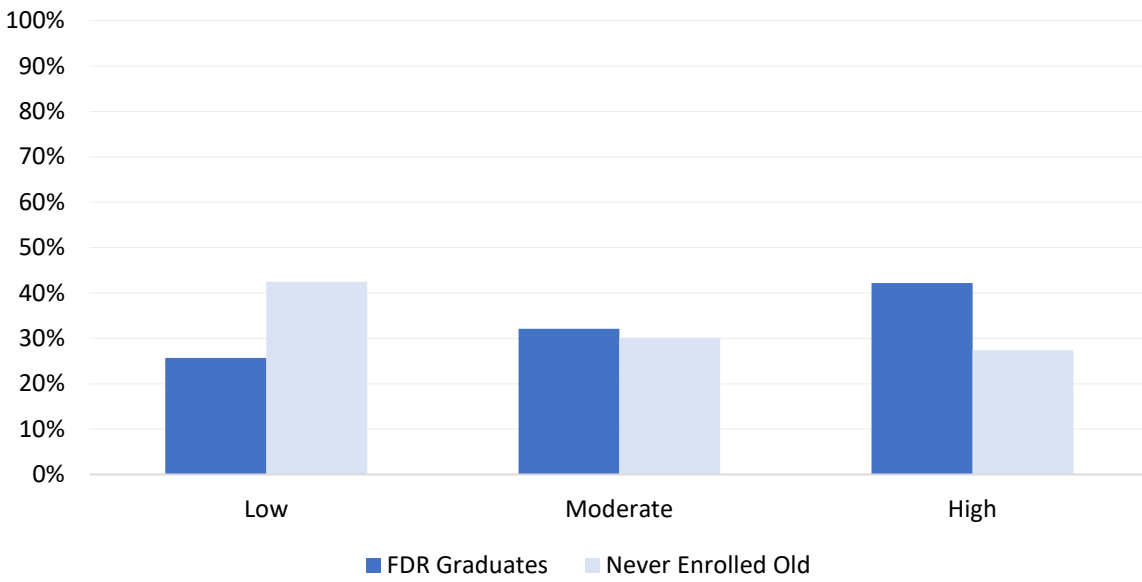
Chart 3: Perceived Stress of Newer Debt Samples

Legend: FDR Current Clients, Never Enrolled New
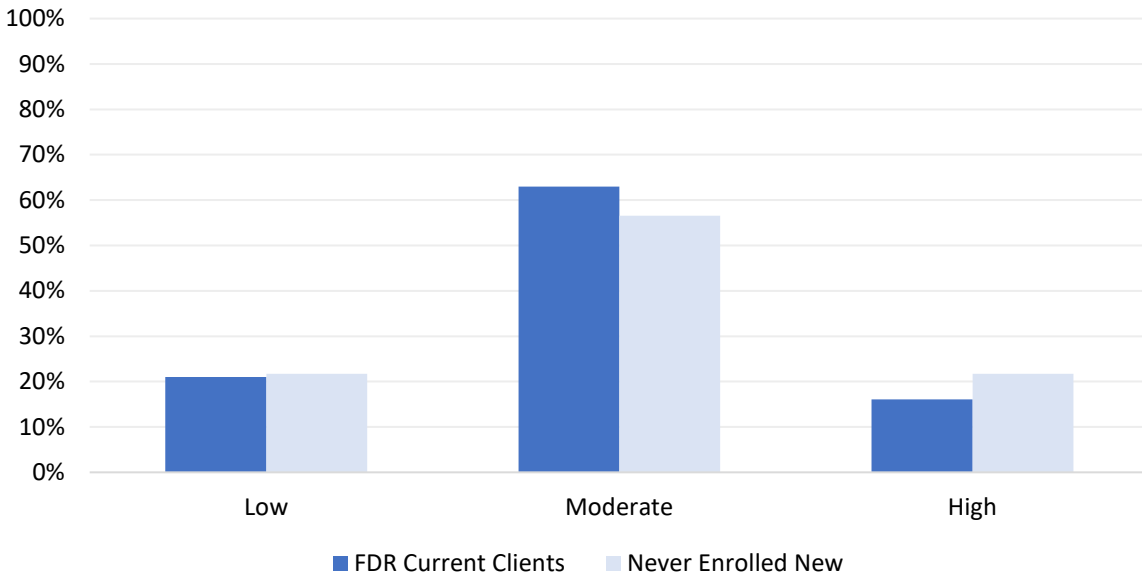
Chart 4: Perceived Stress of Older Debt Samples

Legend: FDR Graduates, Never Enrolled Old
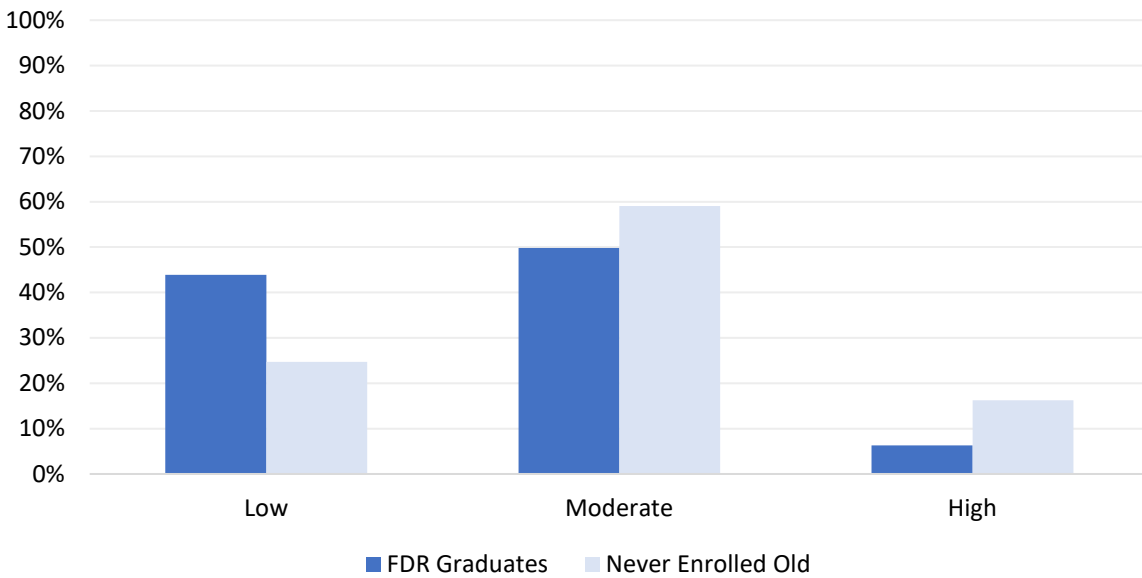
4.6 Other Survey Questions

For each item of questions 6 and 7, respondents were asked to rank how much they agree with a statement on a 5-point scale. Seidman conducted a two-tailed hypothesis test for the difference of two proportions, where the proportion represents the number of individuals in the sample who marked 'Agree Very Strongly' or 'Agree Somewhat' to the following statements (a top-two proportion).

- Q6r1 - I am confident in my personal financial outlook

FDR Current Clients Proportion	0.51
Never Enrolled New Proportion	0.40
p-value	[0.006]*

FDR Graduates Proportion	0.65
Never Enrolled Old Proportion	0.42
p-value	[0]*

- Q6r2 – I have a plan to achieve my long-term financial goals

FDR Current Clients Proportion	0.67
Never Enrolled New Proportion	0.58
p-value	[0.021]*

FDR Graduates Proportion	0.71
Never Enrolled Old Proportion	0.63
p-value	[0.017]*

- Q6r3 – I feel overwhelmed with my debt and financial situation

FDR Current Clients Proportion	0.66
Never Enrolled New Proportion	0.68
p-value	[0.705]**

FDR Graduates Proportion	0.40
Never Enrolled Old Proportion	0.65
p-value	[0]*

* The difference is statistically significant at a 90% level
** The difference is not statistically significant at a 90% level

- Q6r4 - I worry about being able to keep up with all of my bills and expenses

FDR Current Clients Proportion	0.64
Never Enrolled New Proportion	0.66
p-value	[0.704]**

FDR Graduates Proportion	0.42
Never Enrolled Old Proportion	0.65
p-value	[0]*

- Q6r5 - I am confident I have enough savings to cover emergency expenses

FDR Current Clients Proportion	0.18
Never Enrolled New Proportion	0.14
p-value	[0.124]**

FDR Graduates Proportion	0.35
Never Enrolled Old Proportion	0.15
p-value	[0]*

- Q6r6 - I have changed my spending habits to avoid debt

FDR Current Clients Proportion	0.85
Never Enrolled New Proportion	0.77
p-value	[0.006]*

FDR Graduates Proportion	0.85
Never Enrolled Old Proportion	0.79
p-value	[0.062]*

* The difference is statistically significant at a 90% level
** The difference is not statistically significant at a 90% level

- Q6r7 – I am confident in being able to make major financial decisions (credit card, financing a car, mortgage)

FDR Current Clients Proportion	0.68
Never Enrolled New Proportion	0.62
p-value	[0.099]*

FDR Graduates Proportion	0.79
Never Enrolled Old Proportion	0.68
p-value	[0.002]*

- Q7r1 - I feel empowered to make changes to my life

FDR Current Clients Proportion	0.65
Never Enrolled New Proportion	0.67
p-value	[0.517]**

FDR Graduates Proportion	0.73
Never Enrolled Old Proportion	0.66
p-value	[0.035]*

- Q7r2 - I am able to pursue new jobs

FDR Current Clients Proportion	0.39
Never Enrolled New Proportion	0.46
p-value	[0.067]*

FDR Graduates Proportion	0.45
Never Enrolled Old Proportion	0.41
p-value	[0.230]**

* The difference is statistically significant at a 90% level
** The difference is not statistically significant at a 90% level

- Q7r3 - I am able to improve my housing situation

FDR Current Clients Proportion	0.39
Never Enrolled New Proportion	0.50
p-value	[0.005]*
FDR Graduates Proportion	0.49
Never Enrolled Old Proportion	0.41
p-value	[0.051]*

- Q7r4 – My personal relationships are strong and healthy

FDR Current Clients Proportion	0.71
Never Enrolled New Proportion	0.70
p-value	[0.813]**
FDR Graduates Proportion	0.76
Never Enrolled Old Proportion	0.69
p-value	[0.036]*

- Q7r5 - I can take a dream vacation

FDR Current Clients Proportion	0.14
Never Enrolled New Proportion	0.19
p-value	[0.130]**
FDR Graduates Proportion	0.29
Never Enrolled Old Proportion	0.13
p-value	[0]*

- Q7r6 - I can take steps to improve my quality of life

FDR Current Clients Proportion	0.73
Never Enrolled New Proportion	0.76
p-value	[0.334]**
FDR Graduates Proportion	0.83
Never Enrolled Old Proportion	0.72
p-value	[0.001]*

* The difference is statistically significant at a 90% level
** The difference is not statistically significant at a 90% level

- Q7r7 - I am free to do what I want

FDR Current Clients Proportion	0.42
Never Enrolled New Proportion	0.48
p-value	[0.120]**

FDR Graduates Proportion	0.53
Never Enrolled Old Proportion	0.47
p-value	[0.118]**

- Q7r8 - I am actively pursuing my goals

FDR Current Clients Proportion	0.66
Never Enrolled New Proportion	0.69
p-value	[0.551]**

FDR Graduates Proportion	0.70
Never Enrolled Old Proportion	0.63
p-value	[0.081]*

- Q7r9 – I sleep well at night

FDR Current Clients Proportion	0.45
Never Enrolled New Proportion	0.52
p-value	[0.112]**

FDR Graduates Proportion	0.60
Never Enrolled Old Proportion	0.54
p-value	[0.071]*

* The difference is statistically significant at a 90% level
** The difference is not statistically significant at a 90% level

The top-two proportion of *FDR Current Clients* is significantly higher than the top-two proportion of *Never Enrolled New* on many individual items from questions 6 and 7, including:

- 11% more *FDR Current Clients* agree somewhat or very strongly that they feel confident in their personal financial outlooks compared to *Never Enrolled New*,[55]

- 9% more *FDR Current Clients* agree somewhat or very strongly that they have a plan to achieve long-term financial goals compared to *Never Enrolled New*,[56]

- 8% more *FDR Current Clients* agree somewhat or very strongly that they have changed spending habits to avoid debt compared to *Never Enrolled New*,[57] and

- 6% more *FDR Current Clients* agree somewhat or very strongly that they feel confident in being able to make major financial decisions compared to *Never Enrolled New*.[58]

The top-two proportion of *FDR Graduates* is significantly higher than the top-two proportion of *Never Enrolled Old* on most individual items from questions 6 and 7, including:

- 23% more *FDR Graduates* agree somewhat or very strongly that they feel confident in their personal financial outlooks compared to *Never Enrolled Old*,[59]

- 8% more *FDR Graduates* agree somewhat or very strongly that they have a plan to achieve long-term financial goals compared to *Never Enrolled Old*,[60]

- 25% fewer *FDR Graduates* agree somewhat or very strongly that they feel overwhelmed with their debt and financial situations compared to *Never Enrolled Old*,[61]

- 23% fewer *FDR Graduates* agree somewhat or very strongly that they worry about being able to keep up with bills and expenses compared to *Never Enrolled Old*,[62]

- 20% more *FDR Graduates* agree somewhat or very strongly that they are confident that they have enough savings to cover emergency expenses compared to *Never Enrolled Old*,[63]

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[55] Where percent is calculated as (*FDR Current Clients* Proportion – *Never Enrolled New* Proportion)*100
[56] Where percent is calculated as (*FDR Current Clients* Proportion – *Never Enrolled New* Proportion)*100
[57] Where percent is calculated as (*FDR Current Clients* Proportion – *Never Enrolled New* Proportion)*100
[58] Where percent is calculated as (*FDR Current Clients* Proportion – *Never Enrolled New* Proportion)*100
[59] Where percent is calculated as (*FDR Graduates* Proportion – *Never Enrolled Old* Proportion)*100
[60] Where percent is calculated as (*FDR Graduates* Proportion – *Never Enrolled Old* Proportion)*100
[61] Where percent is calculated as (*FDR Graduates* Proportion – *Never Enrolled Old* Proportion)*100
[62] Where percent is calculated as (*FDR Graduates* Proportion – *Never Enrolled Old* Proportion)*100
[63] Where percent is calculated as (*FDR Graduates* Proportion – *Never Enrolled Old* Proportion)*100
* The difference is statistically significant at a 90% level
** The difference is not statistically significant at a 90% level

- 6% more *FDR Graduates* agree somewhat or very strongly that they have changed spending habits to avoid debt compared to *Never Enrolled Old*,[64]

- 11% more *FDR Graduates* agree somewhat or very strongly that they feel confident in being able to make major financial decisions compared to *Never Enrolled Old*,[65]

- 7% more *FDR Graduates* agree somewhat or very strongly that they feel empowered to make changes to their lives compared to *Never Enrolled Old*,[66]

- 8% more *FDR Graduates* agree somewhat or very strongly that they are able to improve their housing situations compared to *Never Enrolled Old*,[67]

- 7% more *FDR Graduates* agree somewhat or very strongly that their personal relationships are strong and healthy compared to *Never Enrolled Old*,[68]

- 16% more *FDR Graduates* agree somewhat or very strongly that they can take dream vacations compared to *Never Enrolled Old*,[69]

- 11% more *FDR Graduates* agree somewhat or very strongly that they can take steps to improve their quality of life compared to *Never Enrolled Old*,[70]

- 7% more *FDR Graduates* agree somewhat or very strongly that they are actively pursuing their goals compared to *Never Enrolled Old*,[71] and

- 6% more *FDR Graduates* agree somewhat or very strongly that they sleep well at night compared to *Never Enrolled Old*.[72]

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[64] Where percent is calculated as (*FDR Graduates* Proportion – *Never Enrolled Old* Proportion)*100
[65] Where percent is calculated as (*FDR Graduates* Proportion – *Never Enrolled Old* Proportion)*100
[66] Where percent is calculated as (*FDR Graduates* Proportion – *Never Enrolled Old* Proportion)*100
[67] Where percent is calculated as (*FDR Graduates* Proportion – *Never Enrolled Old* Proportion)*100
[68] Where percent is calculated as (*FDR Graduates* Proportion – *Never Enrolled Old* Proportion)*100
[69] Where percent is calculated as (*FDR Graduates* Proportion – *Never Enrolled Old* Proportion)*100
[70] Where percent is calculated as (*FDR Graduates* Proportion – *Never Enrolled Old* Proportion)*100
[71] Where percent is calculated as (*FDR Graduates* Proportion – *Never Enrolled Old* Proportion)*100
[72] Where percent is calculated as (*FDR Graduates* Proportion – *Never Enrolled Old* Proportion)*100
* The difference is statistically significant at a 90% level
** The difference is not statistically significant at a 90% level

5.0 GENERAL POPULATION

The *General Population* group is a sample of U.S. residents with at least $10,000 in unsecured debt who have *not* contacted Freedom Debt Relief for service. On average, the *General Population* sample has the following characteristics:

- Unsecured debt amount of $27,270

- Time in debt of 3.8 years

- Ratio of total debt (secured and unsecured) to annual salary of 1.9

Other key insights from the *General Population* sample include:

- 66% have not taken any action to resolve their debt

- 45% report feeling overwhelmed by their debt and financial situation

- 21% have been charged a late fee on a loan or bill in the last two months

- 33% do not have a personal budget, spending plan, or financial plan

- 32% are not confident that they could come up with the money to make ends meet within a month should an unexpected expense or family emergency occur

Excluding states with a sample size less than 10, the *General Population* sample was evaluated for average Financial Capability Scale and Perceived Stress Scale scores on a state-by-state basis. Tables 2 and 3 summarize states with the lowest financial capability and those with the highest perceived stress.

Table 2: States with Lowest Average FCS Score

State	Average FCS Score
Connecticut	3.8
Nevada	3.9
Wisconsin	4.1
New Jersey	4.1
Illinois	4.2
General Population (all states)	4.7

Table 3: States with Highest Average PSS Score

State	Average PSS Score
Nebraska	20.2
Connecticut	19.9
Illinois	18.3
Louisiana	18.2
New Jersey	18.0
General Population (all states)	16.2

Freedom Debt Relief services are available in 29 U.S. states. Table 4 summarizes *General Population* outcomes in states where Freedom Debt Relief is available and is not available.

Table 4: *General Population* Outcomes where Freedom Debt Relief is Available/Not Available

	FDR Available	FDR Not Available
Average FCS Score	4.7	4.6
Average PSS Score	16.1	16.4
Average Unsecured Debt ($)	30,300	19,963
Average Time in Debt (years)	3.7	3.9
	n=1061	n=440

5.1 Freedom Debt Relief Graduates compared to General Population

Seidman conducted a two-tailed hypothesis test for the difference of means to compare Financial Capability Scale scores of *FDR Graduates* to the *General Population*.

FDR Graduates Mean	4.97
General Population Mean	4.68
p-value	[0.003]*

Seidman conducted a two-tailed hypothesis test for the difference of means to compare Perceived Stress Scale scores of *FDR Graduates* to the *General Population*.

FDR Graduates Mean	14.85
General Population Mean	16.17
p-value	[0.001]*

Of the 1501 individuals in the *General Population* sample, 153 have taken action or plan to take action with another debt relief or debt settlement company. Seidman conducted a two-tailed hypothesis test for the difference of means to compare the Financial Capability Scale scores of *FDR Graduates* to individuals who have taken action or plan to take action with another company.

FDR Graduates Mean	4.97
Other Debt Relief Mean	4.54
p-value	[0.017]*

Seidman also conducted a two-tailed hypothesis test for the difference of means to compare the Perceived Stress Scale scores of *FDR Graduates* to individuals who have taken or plan to take action with another debt relief or debt settlement company.

FDR Graduates Mean	14.85
Other Debt Relief Mean	20.07
p-value	[0]*

* The difference is statistically significant at a 90% level
** The difference is not statistically significant at a 90% level

APPENDIX A: FINANCIAL CAPABILITY SCALE

1) Do you currently have a personal budget, spending plan, or financial plan?
    a. Yes (1)
    b. No (0)

2) How confident are you in your ability to achieve a financial goal you set for yourself today?
    a. Not at all confident (0)
    b. Somewhat confident (1)
    c. Very confident (2)

3) If you had an unexpected expense or someone in your family lost a job, got sick, or had another emergency, how confident are you that your family could come up with money to make ends meet within a month?
    a. Not at all confident (0)
    b. Somewhat confident (1)
    c. Very confident (2)

4) Do you currently have an automatic deposit or electronic transfer set up to put money away for a future use (such as savings)?
    a. Yes (1)
    b. No (0)

5) Over the past month, would you say your family's spending on living expenses was less than its total income?
    a. Yes (1)
    b. No (0)

6) In the last 2 months, have you been charged a late fee on a loan or bill?
    a. Yes (0)
    b. No (1)

Not scored:

7) Do you currently have at least one financial goal?

    a. Yes

    b. No

8) How would you rate your current credit record?

    a. Very bad

    b. Bad

    c. About average

    d. Good

    e. Very good

APPENDIX B: PERCEIVED STRESS SCALE

1) In the last month, how often have you been upset because of something that happened unexpectedly?

   a) Never (0)
   b) Almost Never (1)
   c) Sometimes (2)
   d) Fairly Often (3)
   e) Very Often (4)

2) In the last month, how often have you felt that you were unable to control the important things in your life?

   a) Never (0)
   b) Almost Never (1)
   c) Sometimes (2)
   d) Fairly Often (3)
   e) Very Often (4)

3) In the last month, how often have you felt nervous or "stressed"?

   a) Never (0)
   b) Almost Never (1)
   c) Sometimes (2)
   d) Fairly Often (3)
   e) Very Often (4)

4) In the last month, how often have you felt confident about your ability to handle your personal problems?

   a) Never (4)
   b) Almost Never (3)
   c) Sometimes (2)
   d) Fairly Often (1)
   e) Very Often (0)

5) In the last month, how often have you felt that things were going your way?

   a) Never (4)

   b) Almost Never (3)

   c) Sometimes (2)

   d) Fairly Often (1)

   e) Very Often (0)

6) In the last month, how often have you found that you could not cope with all the things that you had to do?

   a) Never (0)

   b) Almost Never (1)

   c) Sometimes (2)

   d) Fairly Often (3)

   e) Very Often (4)

7) In the last month, how often have you been able to control irritations in your life?

   a) Never (4)

   b) Almost Never (3)

   c) Sometimes (2)

   d) Fairly Often (1)

   e) Very Often (0)

8) In the last month, how often have you felt that you were on top of things?

   a) Never (4)

   b) Almost Never (3)

   c) Sometimes (2)

   d) Fairly Often (1)

   e) Very Often (0)

9) In the last month, how often have you been angered because of things that were outside of your control?

   a) Never (0)

   b) Almost Never (1)

   c) Sometimes (2)

   d) Fairly Often (3)

   e) Very Often (4)

10) In the last month, how often have you felt that difficulties were piling up so high that you could not overcome them?

a) Never (0)

b) Almost Never (1)

c) Sometimes (2)

d) Fairly Often (3)

e) Very Often (4)

APPENDIX C: ADDITIONAL QUESTIONS

Q6) To what extent do you agree or disagree with each of the following statements as it relates to your personal finances?

Please select one for each.

Agree Very Strongly	Agree Somewhat	Neither Agree Nor Disagree	Disagree Somewhat	Disagree Very Strongly
5	4	3	2	1

1) I have a plan to achieve my long-term financial goals
2) I feel overwhelmed with my debt and financial situation
3) I worry about being able to keep up with all of my bills and payments
4) I am confident I have enough savings to cover emergency expenses
5) I have changed my spending habits to avoid debt
6) I am confident in being able to make major financial decisions (credit card, financing a car, mortgage)

Q7) To what extent do you agree or disagree with each of the following statements as it relates to your life both personally and professionally?

Please select one for each.

Agree Very Strongly	Agree Somewhat	Neither Agree Nor Disagree	Disagree Somewhat	Disagree Very Strongly
5	4	3	2	1

1) I feel empowered to make changes to my life
2) I am able to pursue new jobs
3) I am able to improve my housing situation
4) My personal relationships are strong and healthy
5) I can take a dream vacation
6) I can take steps to improve my quality of life
7) I am free to do what I want
8) I am actively pursuing my goals
9) I sleep well at night

Introductory Questions:

1) What is your gender?

   Please select one

   a) Male

   b) Female

   c) Non-binary

   d) Other

   e) Prefer not to answer

2) What is your five-digit zip code?

   Please enter your response in the text box below

   NUMERIC BOX

3) What is your age?

   Please enter your response in the text box below

   NUMERIC BOX

4) Which of the following statements best describes your role in making decisions about your banking & finances? *(General Population only)*

   Please select one.

   a) I am the primary decision maker

   b) I share the responsibility equally with at least one other person

   c) I have some input, but someone else is primarily responsible for the decision

   d) I am not very involved in the decision-making process TERMINATE IF GEN POP

5) Approximately how much would you say you and your household owe on each of the following?

   Please enter your response in the text box below and use your best estimate.

Unsecured Debt (Credit Cards, Personal Loans, Medical Bills, Past Due Bills)	NUMERIC TEXT BOX
Secured Debt (Mortgage, Student Loans, Car Loans)	NUMERIC TEXT BOX

6) For the unsecured debt (Credit Cards, Personal Loans, Medical Bills, Past Due Bills), how long have been carrying that debt? *(General Population or non-client only)*

Please select one.

a) Less than 6 months

b) 6 months to a year

c) 1 to 2 years

d) 2 to 3 years

e) 3 to 4 years

f) 4 years or more

7) Over time, for this unsecured debt (Credit Cards, Personal Loans, Medical Bills, Past Due Bills), has it been… *(General Population or non-client only)*

Please select one.

a) Decreasing

b) Increasing

c) Staying the same

8) Have you or do you plan to undertake to resolve your unsecured debt (Credit Cards, Personal Loans, Medical Bills, Past Due Bills) with any of the following? *(General Population or non-client only)*

a) Other debt relief or debt settlement program (i.e. National Debt Relief, CuraDebt, CareOne)

b) Debt consolidation program

c) Declared bankruptcy

d) Credit counseling or debt management program

e) Self-negotiated with creditors

f) Liquidated assets

g) Borrowed from family or friends

h) I have not taken any of the above actions to resolve my debt

Demographic Questions (Optional):

1) What is your highest level of education?

    a) Less than a high school diploma

    b) High school diploma or equivalent

    c) Trade or vocational school

    d) Associate degree

    e) Bachelor's degree

    f) Post-Graduate Degree

2) Do you own or rent the residence where you currently live?

    a) Own

    b) Rent

3) What is your current marital status?

    a) Married/Partnered

    b) Single, never been married

    c) Divorced/Separated

    d) Widowed

    e) Other

4) Including yourself, how many people are living in your household?

    NUMERIC BOX

5) Which of the following categories best describes your household's total annual income before taxes?

    a) Under $25,000

    b) $25,000 but less than $50,000

    c) $50,000 but less than $75,000

    d) $75,000 but less than $100,000

    e) $100,000 but less than $150,000

    f) $150,000 but less than $200,000

    g) Over $200,000

6) About how much money do you and your household have right now in checking, savings, money market accounts, stocks, and bonds? Please do <u>not</u> include any money in formal retirement funds such as Individual Retirement Accounts (IRA), 401k's, Roth IRA's or company retirement funds.

   Please select one.

   a) None

   b) Less than $1,000

   c) $1,000 - $4,999

   d) $5,000 - $9,999

   e) $10,000 – $19,999

   f) $20,000 - $49,999

   g) $50,000 – $99,999

   h) $100,000 – $249,999

   i) $250,000 or more

7) Do you and your household currently have or use any of the following financial products or services?

   Please select all that apply.

   a) Checking Account

   b) Savings Account

   c) Credit Card

   d) Prepaid Card

   e) Home Loan or Mortgage

   f) Second Mortgage

   g) Home Equity Line of Credit (HELOC)

   h) Student Loan

   i) Auto Loan

   j) Personal Loans (excluding mortgage, auto, credit cards)

   k) Debt consolidation or reduction

   l) Medical debt

   m) Stocks

   n) Bonds

   o) 401k

   p) IRA

q) 529 Plan

r) Mutual Funds

s) None of the above