

**Vanguard Research Initiative**  
December 2014

**7. Use of Correction Mechanism: Regression Analysis**

To get insight into what type of respondents make corrections, we estimate a linear probability model for making a correction to balances. Table 7-1 reports the estimation result of the linear probability model where the dependent variable is a dummy variable which is 1 when the respondent corrected their answers after seeing the summary table containing balances, 0 otherwise. The explanatory variables include demographics, wealth group by quartiles, number of accounts, ratio of accounts referred to record. We also include variables indicating whether they logged into their account or not during the survey and the length of their relationship with Vanguard.

- Higher wealth respondents are much more likely to make a correction. When they belong to the lowest wealth quartile group, it is about 10.9% less likely that they will use this correction mechanism, compared to the highest quartile group.
- Those who referred to records for more than 80% of their accounts are 6.3% more likely to make a correction.
- Having one more account increases the chance of a correction by 0.7%.
- Logging onto the Vanguard account Web page during the survey increase the correction rate by 6.9%.
- Males and younger respondents are less likely to make corrections.

Of course, these figures conflate the need to make a correction and willingness to make one. For example, we cannot tell from them whether males had more accurate initial entries or were less willing to own mistakes. Similarly, having more accounts increases the opportunities for making entries that need corrections, but also perhaps signals a willingness to share information.

Table 7-1. Propensity to Make a Correction (Linear Probability Model)

Variable/Category	coefficient	standard error
Intercept	0.296	0.027
Wealth quartile (1st - poorest)	-0.109	0.014
Wealth quartile (2nd)	-0.061	0.013
Wealth quartile (3rd)	-0.043	0.013
Male	-0.036	0.010
Employer-sponsored sample	-0.032	0.011
Age (55-64)	-0.027	0.013
Age (65-74)	-0.021	0.012
Single	-0.013	0.010
Logged in during survey	0.069	0.019
Checked record (> 80% of accounts)	0.063	0.009
Number of accounts	0.007	0.001
Length of relationship (<5yrs)	-0.006	0.012
Length of relationship (5-10yrs)	-0.013	0.010

Note: N = 8,948. Dependent variable is dummy variable for making corrections (1=making corrections). Omitted categories for independent variables are the highest wealth quintile, individual client sector, the oldest, married, female, checked for record for less than 80% of accounts, did not log in during the survey, and having relationship with Vanguard for more than 10 years.