

## AARP MEMBERS' CONCERNS ABOUT INFORMATION PRIVACY

**Introduction**

Consumers today face an increasing array of challenges to their personal privacy, particularly the privacy of their personal information. Advances in computer technology and in data collection techniques have allowed public and private organizations to collect vast quantities of information on consumers, including who they are, where they live, how much they earn, and how they spend their money.

Currently there are few legal constraints on the collection, use, and dissemination of information about individuals.<sup>1</sup> Many of the legal privacy protections that do exist were, by and large, crafted to specify how the federal government could use information it gathered about citizens. As a consequence, there are only limited restrictions on information collected by private companies or by state and local governments.

**Study Purpose**

An increasing number of Americans are concerned about threats to their personal privacy. In a 1978 study sponsored by the Center for Social and Legal Research, 64 percent of Americans reported that they were "very concerned" or "somewhat concerned" about such threats. By 1998, this percentage had risen to 88 percent, more than a one-third increase in 20 years.<sup>2</sup>

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<sup>1</sup> Board of Governors of the Federal Reserve System. *Report to the Congress Concerning the Availability of Consumer Identifying Information and Financial Fraud*. March 1997, pages 20-21.

<sup>2</sup> Center for Social and Legal Research. *The Privacy Concerns & Consumer Choice Survey*. November 18, 1998, p. 9.

Each year thousands of new privacy measures are considered in state legislatures around the country and in Congress.<sup>3</sup> This trend is expected to continue in 1999.

In light of this trend, AARP conducted a national survey to measure its members' awareness of privacy issues and to ascertain their attitudes toward current practices of selling and sharing customer information.

**Methodology**

International Communications Research of Media, Pennsylvania conducted 501 interviews with a sample of randomly selected AARP members. The survey's margin of error is plus or minus 4 percent. All respondents were aged 50 and older and were asked a series of questions regarding privacy of personal and financial information.

**Findings**

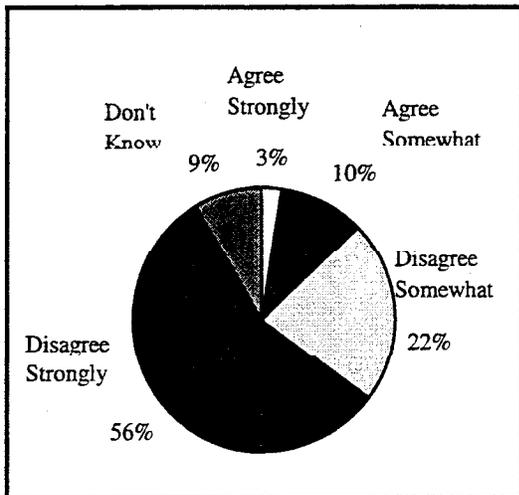
The survey results indicate that AARP members are very concerned about threats to their personal privacy. A majority of respondents believed that businesses can gather personal information about consumers without their permission, including whether they pay their bills on time (82%), the long distance carrier they use (76%), their Social Security number (68%), their medical histories (60%), and the amount of money in their bank accounts (55%).

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<sup>3</sup> Center for Social and Legal Research. *Privacy and American Business*. November/December 1998, p. 1.

AARP members think that current laws are inadequate to protect consumers. Respondents were asked to agree or disagree with the following statement: "Current federal and state laws are strong enough to protect your personal privacy from businesses that collect information about consumers." Seventy-eight percent of respondents disagreed with that statement, with 56% disagreeing strongly (Figure 1).

**Figure 1. Percent of Respondents Who Agree or Disagree that Current Laws are Strong Enough to Protect the Privacy of Consumers**

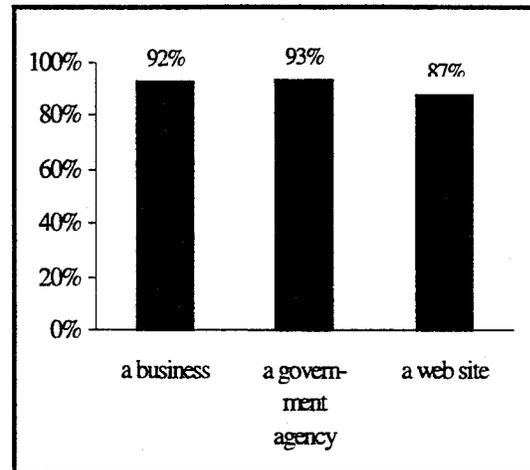


Source: 1998 AARP Survey on Information Privacy

The survey revealed a high level of aversion to businesses, government agencies, or Web sites selling information about customers to other businesses. In each case, at least 87% of respondents reported that it would bother them if their personal information was sold in this manner (Figure 2).<sup>4</sup>

<sup>4</sup> Respondents were asked, "Would you mind if a company you did business with sold information about you to another company?" They then received follow-up questions regarding sales of

**Figure 2. Percent of Respondents Who Would Mind if Personal Information About Them Was Sold By:**



Source: 1998 AARP Survey on Information Privacy

The results of this survey were further analyzed to see whether the findings were consistent when respondents were grouped by age, education, income, marital status, and political party affiliation. These tests revealed a high degree of consistency, with only minor differences between groups. These modest variations<sup>5</sup> included:

- Women (95%) were slightly more likely than men (89%) to feel that companies should not sell personal information about customers.
- Men (16%) were more likely than women (9%) to agree (strongly or somewhat) that existing consumer protection laws are strong enough.
- Younger members ages 50 to 69 (91%) were more likely than those members 70 and older (81%) to

information by government agencies and Web sites.

<sup>5</sup> These differences were statistically significant at the .05 level, providing a 95 percent probability of accuracy.

oppose Web sites selling their personal information.

During 1998, Congress considered a measure that would allow banks, insurance companies, and securities firms to be owned by a single corporation. One issue in the congressional debates was whether the newly affiliated companies would be allowed to share information about customers and customer accounts.

The AARP survey gathered data on this issue. Eighty-one percent of respondents opposed the internal sharing of customer personal and financial information by corporate affiliates. Only 10% supported it, and the majority of these said that affiliated companies should be required to notify and obtain written permission from customers before sharing their personal information.<sup>6</sup>

Relatively few respondents (18%) reported knowing of an instance where a company had inappropriately shared or sold their personal information. More than two-fifths (42%) of survey respondents indicated that they "didn't know" whom they would turn to for assistance if a company was inappropriately sharing or selling their personal information. This compares to 16% who said they would contact a lawyer, 15% who would contact their state attorney general's office, and 8%

who would call the Better Business Bureau.<sup>7</sup>

Almost one-fifth (19%) of respondents reported that they had received solicitations from companies offering to protect their information privacy for a fee.

### Summary

AARP members are concerned about the privacy of their personal information. In this sense they are like all U.S. consumers, according to recent survey research. Irrespective of age, gender, education, income, or political views, a high proportion of AARP members believe that existing consumer protections are not strong enough to protect information privacy, and they strongly believe that companies, government agencies, and Web sites should not sell information about them to other companies.

*See page four for a complete list of the survey questions.*

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<sup>6</sup> The remaining 10% of respondents either did not have an opinion or said they "did not know" whether information sharing should be allowed. Older persons with a college education were somewhat less likely than those with a high school education to oppose information sharing.

<sup>7</sup> This was an open-ended question, and respondents could report more than one answer. As a result, the percentages reported here should not be totaled, and there were additional response categories that are not listed here.

## SURVEY QUESTIONS <sup>8</sup>

1. Computers have made it easier to collect, share, and sell information, including personal information about individuals. As far as you know, which of the following pieces of information can businesses gather about you without first getting your permission?

	% Yes
a. the amount of money in your bank account	55
b. your medical history	60
c. the types of products or services you buy, such as at the grocery store or drug store	56
d. the long distance telephone carrier you use	76
e. whether you pay your bills on time	82
f. your Social Security number	68
g. your annual income	65
h. financial assets you own, such as mutual fund shares	56

2. Please tell me if you agree or disagree with the following statement: "Current federal and state laws are strong enough to protect your personal privacy from businesses that collect information about consumers."

	%
Agree strongly	3
Agree somewhat	10
Disagree somewhat	22
Disagree strongly	56
D. Don't Know	9

3. Have you ever been in a situation where a company had information about you or your accounts that was wrong?

	%
1. Yes - CONTINUE	27
2. No - SKIP TO Q.5	69
D. Don't Know - SKIP TO Q.5	4

4. Were you able to correct that information?

	%
1. Yes	75
2. No	21
D. Don't Know	4

5. Would you mind if a company you did business with sold information about you to another company?

	%
1. Yes	92
2. No	7
D. Don't Know	1

<sup>8</sup> Due to rounding, response totals for some questions may not equal 100%.

6. Would you mind if a government agency, such as the state department of motor vehicles, sold information about you to businesses?	
	%
1. Yes	93
2. No	6
D. Don't Know	1
7. Would you mind if a Web site you visited sold information about you to other businesses?	
	%
1. Yes	87
2. No	4
D. Don't Know	8
8. In the future, banks, insurance companies, and investment firms may be able to merge into a single company. If they do, would you support or oppose these newly merged companies from internally sharing information about your accounts or your insurance policies?	
	%
1. Support - SKIP to Q.9	10
2. Oppose - SKIP to Q.11	81
3. Don't Care/No Opinion - SKIP to Q.11	6
D. Don't Know - SKIP to Q.11	4
9. Should companies be required to notify you before sharing your personal financial information with newly affiliated companies?	
	%
1. Yes	79
2. No	15
D. Don't Know	6
10. Should newly merged companies be required to obtain your written permission before sharing information about you with another?	
	%
1. Yes	71
2. No	27
D. Don't Know	2
11. If you thought that a company was inappropriately sharing or selling your personal information, who would you turn to for assistance? (Open-ended question)	
	%
Don't know	42
A lawyer	16
State Attorney General's Office	15
Government	8
Better Business Bureau	8
The company itself/in question	5
Congressman	4
Local consumer protection agency	4
Senator	2
State Representative	2

(The total of response percentages for this question exceeds 100 percent since respondents could indicate more than one source of assistance; responses offered by fewer than 2% are not listed.)

12. Have you ever experienced a case where a company was inappropriately sharing or selling your personal information?

	%
1. Yes	18
2. No	76
D. Don't Know	6

13. Have you been approached by any companies offering to protect your information privacy for a fee?

	%
1. Yes	19
2. No	79
D. Don't Know	2

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