Frances McClelland Institute
Children, Youth, and Families

Perceived Financial Influences and Young Adults' Life Outcomes

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Background

From the family financial socialization perspective, young adults (YAs) have several perceived financial influences that impact their health and well-being, financial knowledge, and relationship quality (Gudmunson & Danes, 2011). Financial influences begin with the behaviors modeled by their parents (Marshall & Magruder, 1960; Jorgensen & Savla, 2010). Perceived financial influences from *romantic partners* gain importance for YAs in dating relationships (Serido et al., 2015). Finally, YAs are influenced by their *own* previous interactions with finances, with associations to life satisfaction, well-being, and financial independence (Xiao, Chatterjee & Kim, 2014).

Given these multiple influences—own, parental, and romantic partners—our *aim* is to examine how each of these influences impact a range of outcomes for YAs (i.e., overall well-being, life satisfaction, subjective financial knowledge, objective financial knowledge, relationship satisfaction, relationship commitment).

RQ: Do certain perceived financial influences emerge as more robust than others?

Method

Data are from **APLUS** (i.e., Arizona Pathways to Life Success for University Students), a longitudinal study of YAs and their finances. We use data from Wave 3 (median age=24; SD=1.28).

DVs: *Overall well-being* (1 item; Shim et al., 2009), *life satisfaction* (5 items; Diener et al., 1985); *subjective financial knowledge* (1 item; Shim et al., 2009); *objective financial knowledge quiz* (15 items; Hilgert et al., 2003); *relationship satisfaction* (3 items; Schumm et al., 1983); *relationship commitment* (7 items; Rusbult et al., 1998).

IVs: *Financial influence of self* (14 items, including on budgeting, paying, responsible borrowing, investing; Hilgert et al., 2003); *Financial influence of parents* (6 items; Serido et al., 2015; e.g., parent thinks I should track monthly spending on 1 to 5 scale); *Financial influence of romantic partner* (same 6 items as parent; now specific to romantic partner).

We computed six separate hierarchical regressions (see Table 1).

Results

Table 1. Results of Hierarchical Regression Analyses (N=504)

	Dependent Variables (DVs)								
	Overall Well-Being			Life Satisfaction			Subjective Financial Knowledge		
Independent Variables (IVs)	B	β	SE	B	β	SE	B	β	SE
W3 Fin Infl Self	.21	.15**	.07	.32	.22***	.06	.56	.38***	.07
W3 Fin Infl Parents	-.01	-.01	.04	-.09	-.09*	.04	.00	.00	.04
W3 Fin Infl Rom Partner	.10	.11**	.04	.09	.11**	.03	-.04	-.05	.03

	Dependent Variables (DVs)								
	Objective Financial Knowledge			Relationship Satisfaction			Relationship Commitment		
Independent Variables (IVs)	B	β	SE	B	β	SE	B	β	SE
W3 Fin Infl Self	.45	.12*	.17	.04	.02	.09	.12	.05	.13
W3 Fin Infl Parents	.17	.07	.10	.02	.01	.05	-.05	-.03	.07
W3 Fin Infl Rom Partner	-.05	-.02	.09	.26	.27***	.04	.27	.19***	.06

Note. Only results from Block 3 are reported here. Fin Infl = Financial Influences. Control variables included financial influence of self (Waves 1 and 2, which were the average of 14 items for each scale); for each dependent variable, Waves 1 and 2 of the respective variable are controlled; sex (0 = male; 1 = female); race/ethnicity (0 = non white; 1= white). *** $p < .001$. ** $p < .01$. * $p < .05$.

Three main patterns emerged

- *Own financial influence* was associated with four of six of the outcomes for YAs. The two exceptions were outcomes specific to relationship quality.
- *Financial influence from romantic partners* was associated with four of six outcomes for YAs (i.e., well-being, life satisfaction, relationship satisfaction, relationship commitment). This type of influence was positively associated with both types of relationship quality.
- *Financial influence from parents* was associated with life satisfaction only – and negatively.

Conclusions and Implications

Collectively, these findings suggest:

- As YAs mature, financial influence from parents is waning, and financial influences from romantic partners are contributing more so, and positively, to the YAs' outcomes.

Developmental implications:

- Perceived influences from the YAs themselves and from the romantic partner seem more salient to YAs at their current median age of 24
- Waning influence of perceived financial influence from parents
- This is especially interesting as the majority of the YAs are women who are unmarried daters who are not cohabiting

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