Perceived Financial Influences and Young Adults’ Life Outcomes
Melissa Curran, Joyce Serido, Sun Young Ahn, and Emily Parrott

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).

DV: 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; Rusbulit et al., 1998).

IV: 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).

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Results

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

<table>
<thead>
<tr>
<th>Independent Variables (IVs)</th>
<th>Overall Well-Being</th>
<th>Life Satisfaction</th>
<th>Subjective Financial Knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>W3 Fin Infl Self</td>
<td>.21 .15** .07</td>
<td>.32 .22** .06</td>
<td>.56 .38*** .07</td>
</tr>
<tr>
<td>W3 Fin Infl Parents</td>
<td>-.01 -.01 .04</td>
<td>-.09 -.09* .04</td>
<td>.00 .00 .04</td>
</tr>
<tr>
<td>W3 Fin Infl Rom Partner</td>
<td>.10 .11** .09</td>
<td>.09 .11** .03</td>
<td>-.04 -.05 .03</td>
</tr>
</tbody>
</table>

Dependent Variables (DVs)

<table>
<thead>
<tr>
<th>Independent Variables (IVs)</th>
<th>Objective Financial Knowledge</th>
<th>Relationship Satisfaction</th>
<th>Relationship Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>W3 Fin Infl Self</td>
<td>.45 .12* .17</td>
<td>.04 .02 .09</td>
<td>.12 .05 .13</td>
</tr>
<tr>
<td>W3 Fin Infl Parents</td>
<td>.17 .07 .10</td>
<td>.02 .01 .05</td>
<td>-.05 -.03 .07</td>
</tr>
<tr>
<td>W3 Fin Infl Rom Partner</td>
<td>-.05 -.02 .09</td>
<td>.26 .27*** .04</td>
<td>.27 .19*** .06</td>
</tr>
</tbody>
</table>

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.

Acknowledgements

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Select References