

The Association Between Education and Financial Well-being by Gender

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Introduction

- Education is often regarded as an investment in human capital, which is supposed to expand a person's possible careers as well as offer additional opportunities to break through wealth ceilings.
- Most of the research with respect to the association between education and financial well-being has focused on the relationship between education and income. This relationship has been established as strong and positive (Wolla, Scott A, and Jessica Sullivan).
- Financial well-being is more nuanced and includes more factors than just income. It is defined as the value of how much your financial situation and monetary choices provide an individual with security and freedom of choice ("Financial Well-Being: The Goal of Financial Education.")
- Furthermore, there is a gap in existing financial-well being research on the impact that education has on financial well-being according to gender.

Research Questions

- What is the association between education and financial well-being?
- How does the association between education and financial well-being change when controlling for sex?

Methods

Sample

- The survey between took place in 2016 in English and Spanish via the web, and received 6,394 completed surveys, with 5,395 from the general population sample and 999 from an oversample of adults aged 62 and older. It included responses from adults aged 18-

Measures

- **Financial Well-being** (fwbscore) was measured using the sum of answers to a series of 10 survey questions that are then translated into a score ranging from 0 to 100. The actual fwbscore is translated from the raw score corresponding to the total of the survey question responses and then scaled using the CFPB Financial Well-Being Scale which is based on Item Response Theory (IRT) analysis.
- **Education** was measured as a categorical variable that described the highest education achieved, with values 1-5 ranging from "Less than High School" to "Graduate/Professional Degree."
- **Gender** was measured using a categorical variable: 1 (Male) and 2 (Female).

Results

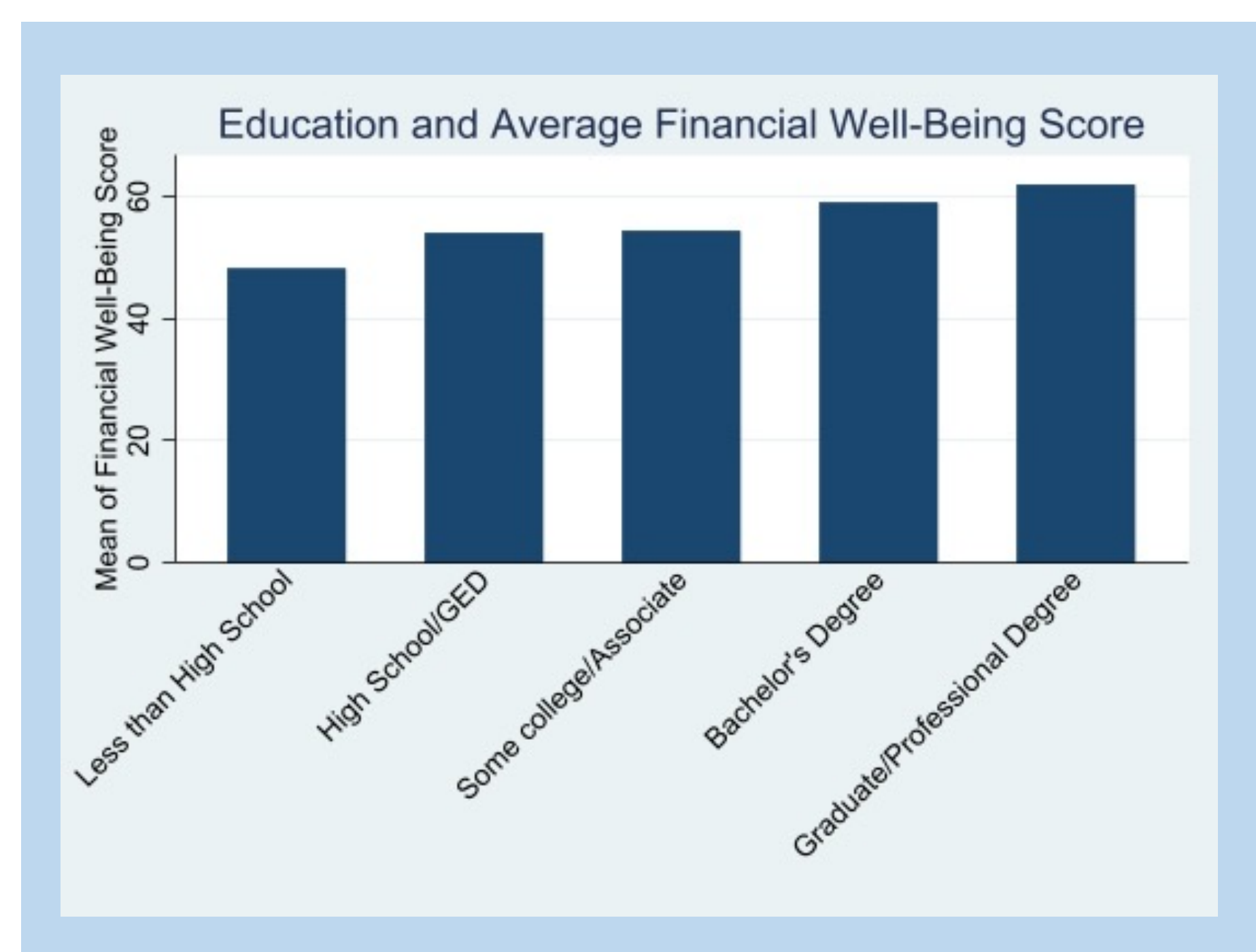
Univariate

- The distribution of Education was somewhat normal with the greatest amount of respondents, 30.23%, having "Some college/Associate degree" as their highest level of education, and the lowest amount of respondents, 6.71%, having "Less than High School" as their highest level of education.

Bivariate

- ANOVA analysis showed that there is a **significant positive** association between education and financial well-being ($p = 0.00$).
- After running a post-hoc test there is a statistically significant difference ($p < .05$) between all levels of Education except levels 2 and 3 which are "High School/GED" and "Some college/Associate".

Figure 1. Education and Average Financial Well-Being Score

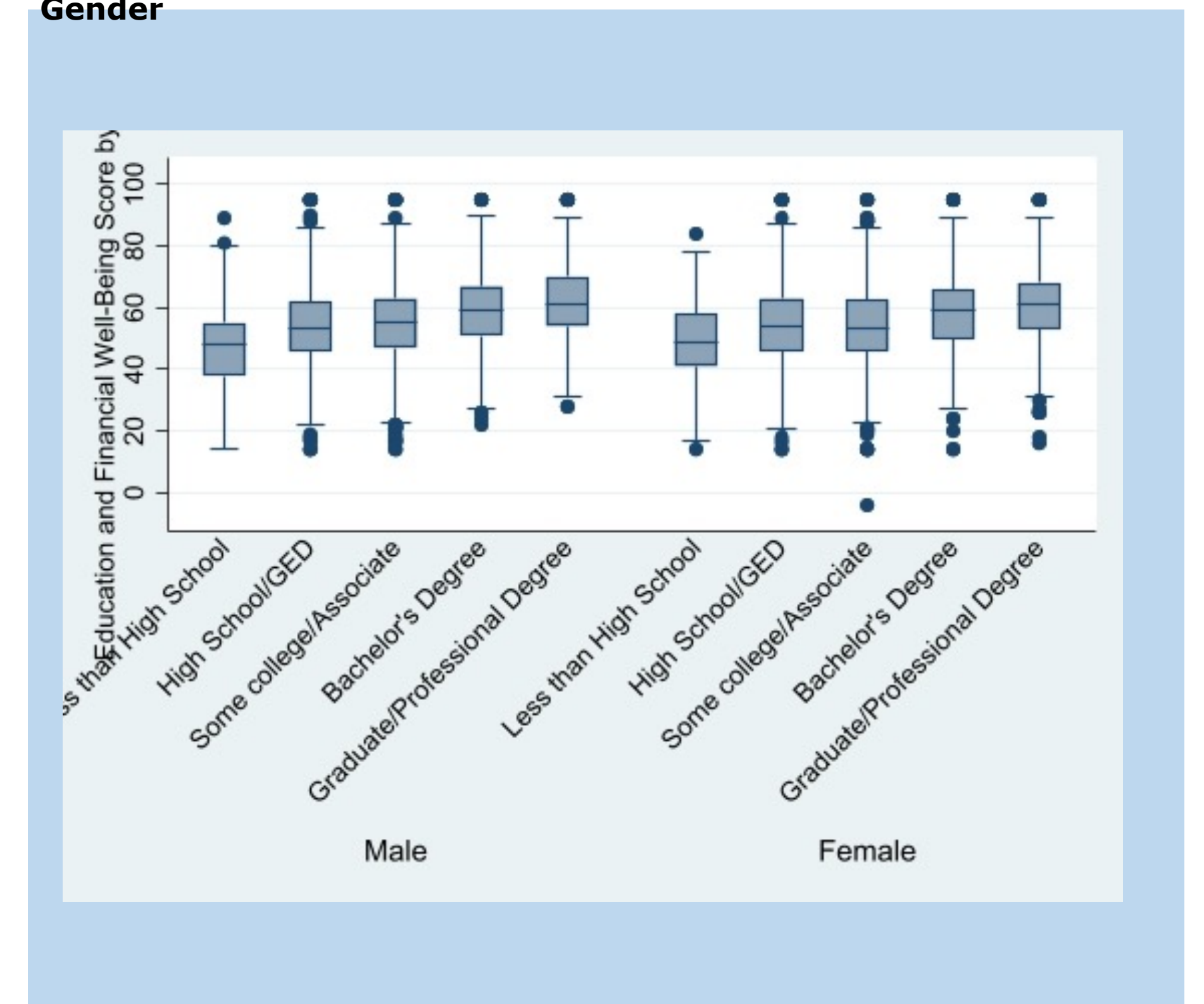


- Figure 1. shows that the mean of financial well-being score by education has a leftward skew and that "Less than High School" produces the lowest mean financial well-being score, whereas "Graduate/Professional degree" produces the greatest mean financial well-being score. According to the results of the ANOVA, all means are statistically different from one another except between 2 and 3, as also shown in Figure 1.

Multivariate

- Gender is **not** a moderator for the influence of education on financial well-being, ($p = .142$, $p > .05$).
- After controlling for gender, the graph to the right shows plots that After controlling for gender, education at all levels is still positively and significantly associated with financial well-being, but the direction and strength of this relationship does not differ significantly across the two values of gender, as is reflected in Figure 2.

Figure 2. Education and Average Financial Well-Being Score with Gender



Discussion

- Education appears to be significantly associated with financial well-being according to CFPB's survey.
- Despite controlling for gender, this association between education and financial well-being remains significant, and therefore gender does not appear to mediate the relationship between education and financial well-being.
- Gender may not influence the relationship between education and financial well-being because while a gender gap may exist in institutions past education and higher education, the gap is relatively small within educational institutions, and has begun to expand in the opposite direction of the historical gap -- Females are increasingly more represented in educational institutions.
- There may be other factors, such as unemployment history and race that contribute to differing levels of education and financial well-being (Strauss).
- Further research is needed to determine the strength of the relationship between Education and Financial well-being because these results must be taken with a grain of salt due to the inherent participation bias that may be present in this survey.