



The Association Between Financial and Overall Well Being



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Introduction

- Many Americans struggle with financial obligations, including debt, underemployment, and limited savings.
- Recent studies have found that most American consumers are financially insecure, with 52% citing their financial situations as “fair” or “poor” (Gallup 2014).
- 45% of employees at PWC stated that personal finances cause them more stress in their lives than their jobs, health, or relationships combined.
- A significant gap in current research pertains to studies examining how general well-being and financial well-being are linked, while others analyze the converse relationship
- Individuals with an income of less than 40k scored lower on overall well-being than individuals with an annual income higher than 40k (Netemeyer et al 2017).

Methods

Sample

- Respondents (n=6,394) were drawn from the 2016 National Financial Well-Being survey, (NFWB), a nationally representative sample of English-speaking, non-institutionalized adults in the U.S.

Measures

- To investigate beliefs about overall well-being, we utilized a three-item self-perception scale. Participants rated their agreement with each item on a scale ranging from 1 (Strongly Disagree) to 7 (Strongly Agree). To simplify data analysis, we recoded responses as either 1 (indicating well-being) or 0 (lack of well-being)
- This variable will be directly compared to the quantitative variable “FWBscore”, which is provided by the NFWBS codebook and ranges from 14-95. A higher score represents higher financial well-being while a lower score indicates the contrary.

Research Questions

- **Is there an association between financial well-being and overall well-being?**
- **Is there an association between financial well-being and overall well-being indicators while controlling for covariates such as age, marital status, and stress?**

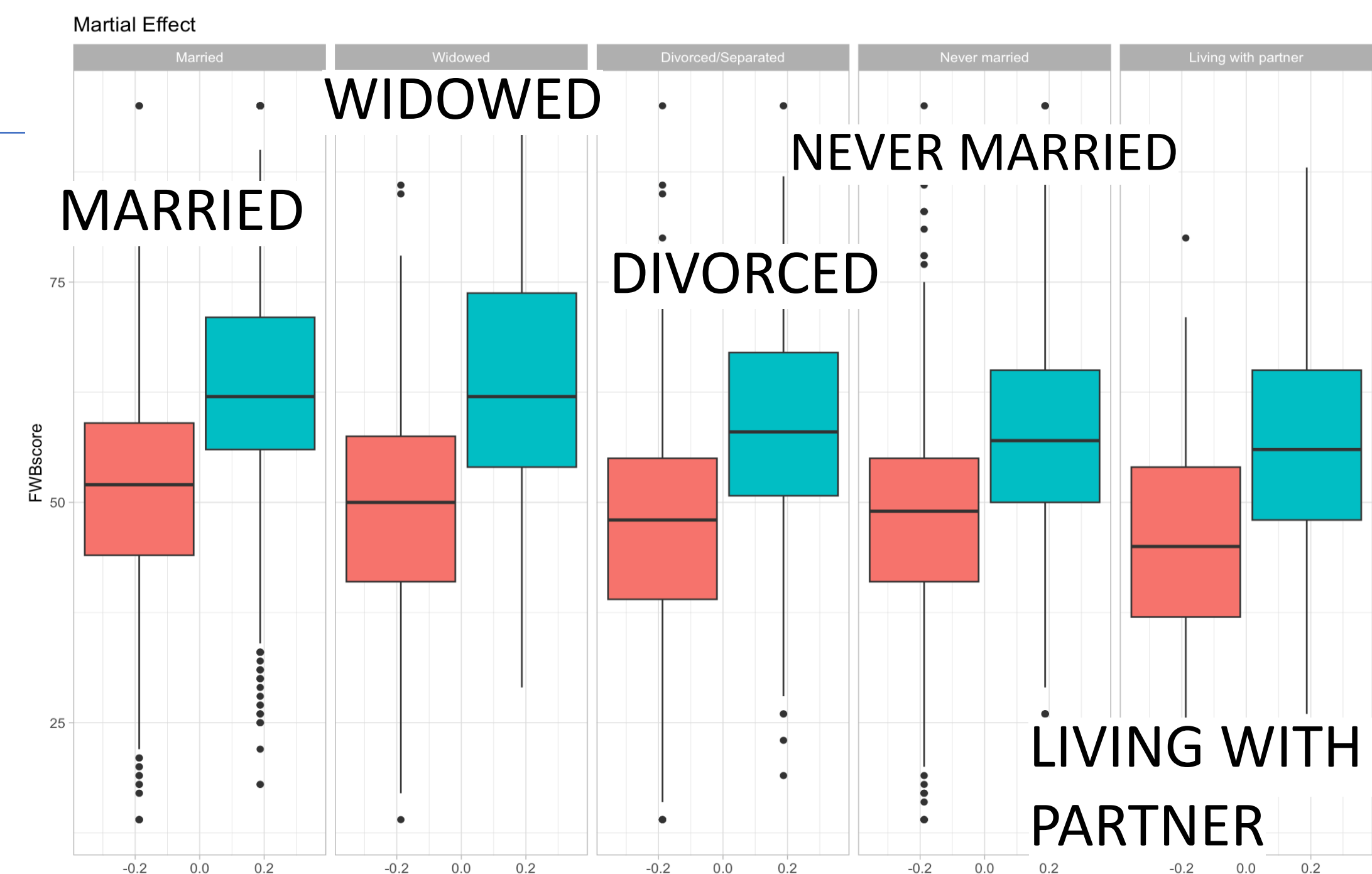
Results

Univariate

- 54.1% of respondents indicated they were satisfied with their lives
- 54.5% of respondents indicated they were optimistic about their futures
- 56.9% of respondents indicated that they believed if they worked hard today, they will be more successful in the future
- The mean financial well-being score was 42.04

Bivariate

- A Pearson’s chi-squared test demonstrated that an individual’s belief in the **payoff of hard work** was significantly and positively associated with **FWB score** (X-squared = 320.84 p < 0.001 (Figure 1).
- A Pearson’s chi-squared test showed that **life satisfaction** was significantly and positively associated with **FWB score** (X-squared = 1356.5, p < 0.001 (Figure 2).
- A Pearson’s chi-squared test indicated a significant and positive association between an **individual’s optimism** and **FWB score** (X-squared = 842.33, p < 0.001 (Figure 3).



HARDWORK

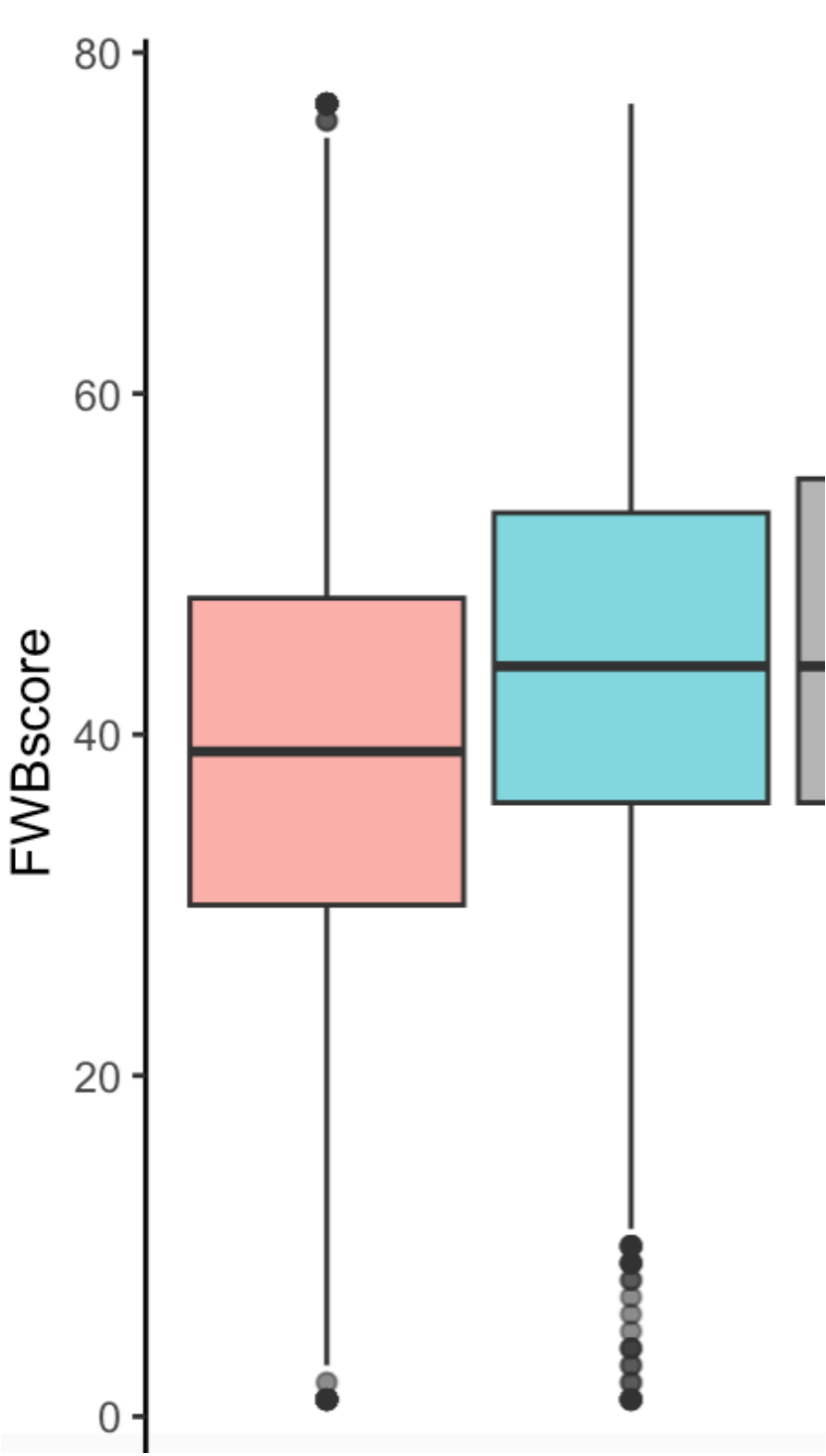


FIGURE 1

SATISFACTION

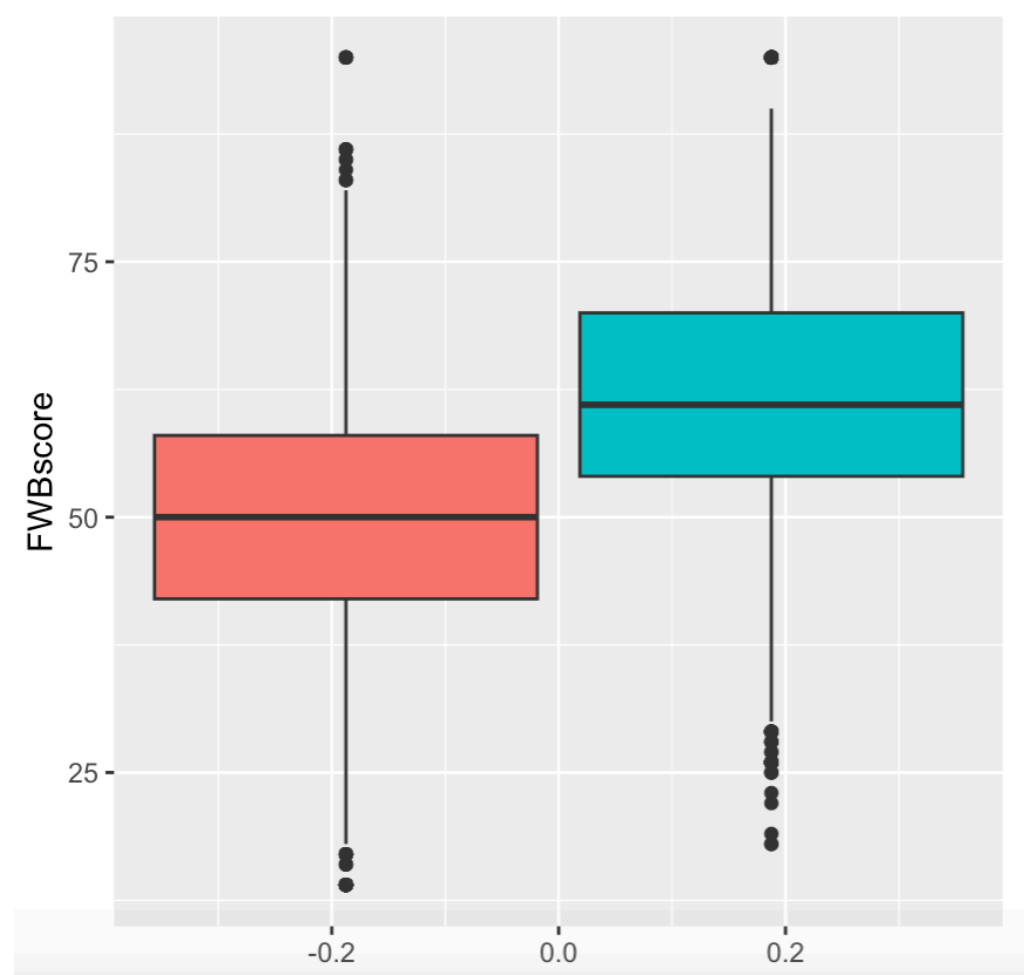


FIGURE 2

OPTIMISM

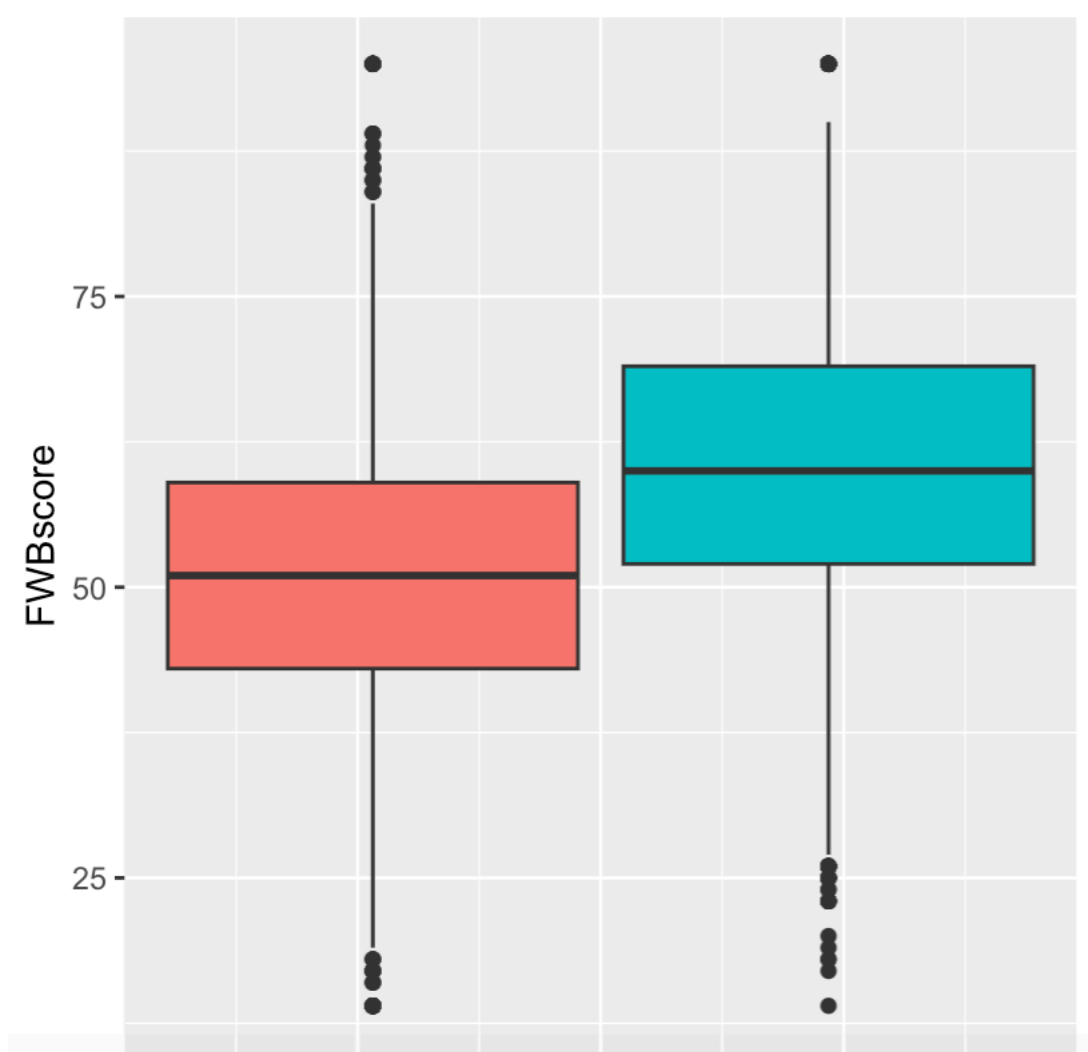


FIGURE 3

TEAL = YES
RED = NO

Multivariate

- After controlling for several variables such as Age, Distress, and Household Size, Marital Status also had a significant impact (p<0.001).
- Marital Status is not a moderator for the association between Financial Well-Being and Overall Well-Being

Discussion

- Financial Well-Being is associated with Overall Well-Being
- Various agencies specializing in savings and retirement can use these measures to assess how consumers perceive their present and future financial situations. With this information, they can compare these measures with consumers actual financial behavior and offer guidance to those who are doubtful about their financial future.
- In addition, these results provide data regarding an individuals expected financial future, and if it is poor, training can be provided to intervene in
- these issues and improve financial security.

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