



The Association between Childhood Allowances and Savings Behavior and Life Satisfaction due to Financial Management



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Introduction

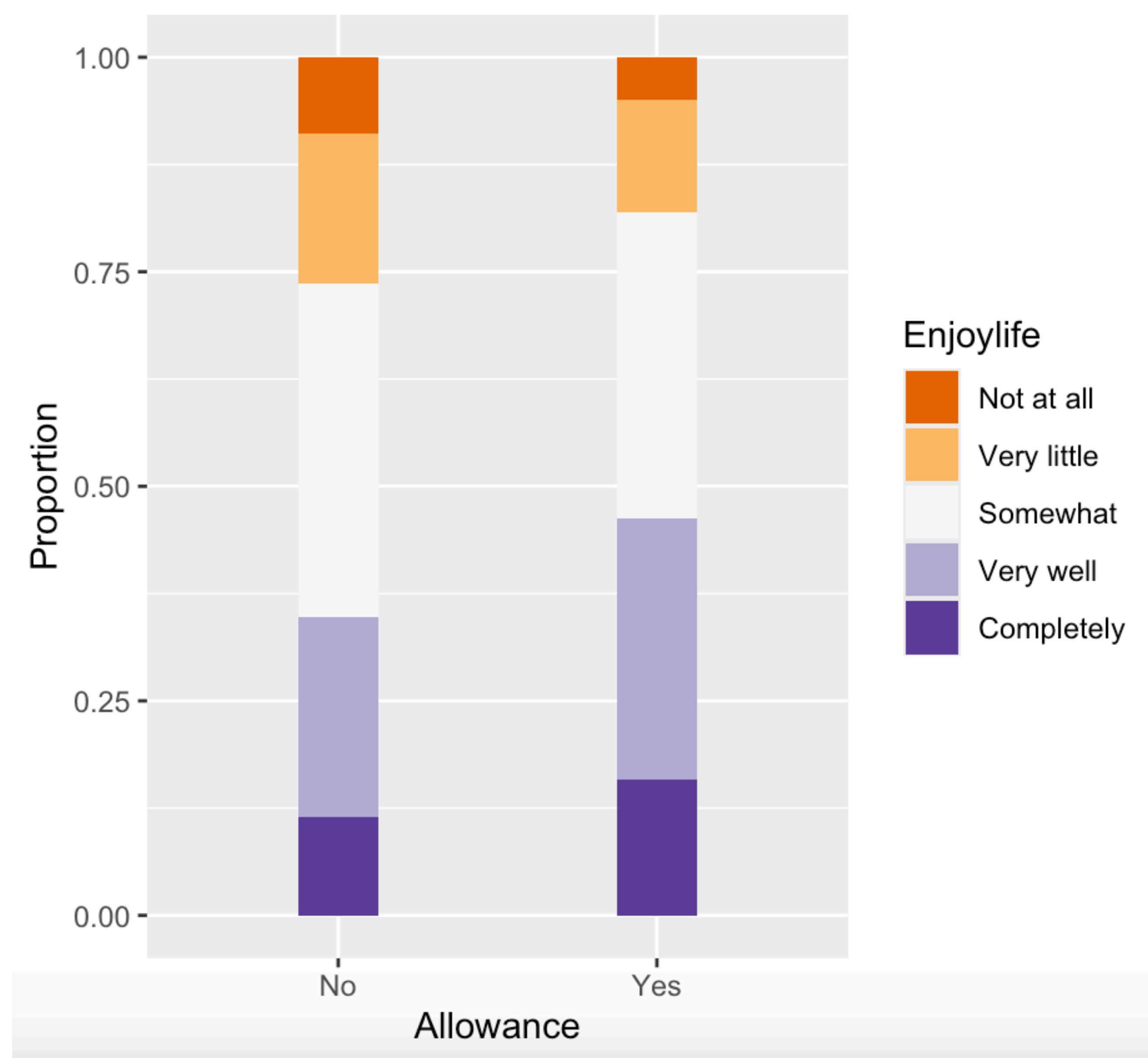
- Childhood allowance may contribute to adult financial management aptitude (Michael, C. J. and E. Odders-White 2021)
- The correlation between regular allowance and adult savings behavior is not well-studied
- There is an association between adept financial management and enhanced quality of life due to the mitigation of financial strain (Xiao, J. J. et al. 2007)
- Prevailing literature delves into the selection of expenditures to maximize one's happiness (Ashby, J. S., et al. 2011) yet there is not much focus on how saving behavior plays a role

Research Question

- What is the relationship between saving behavior, childhood allowance, and the outcome of enjoying life due to successful financial management?

Bivariate

- Chi-Square analysis showed that Allowance and Savings Habit were **positively and significantly associated** with meeting the criteria for Enjoylife both at a significance level of $p < 0.001$.
- Post Hoc Test revealed that there are **significant variance in each levels of Enjoylife** for Allowance (except Very Well vs Completely) and Savehabit



Results

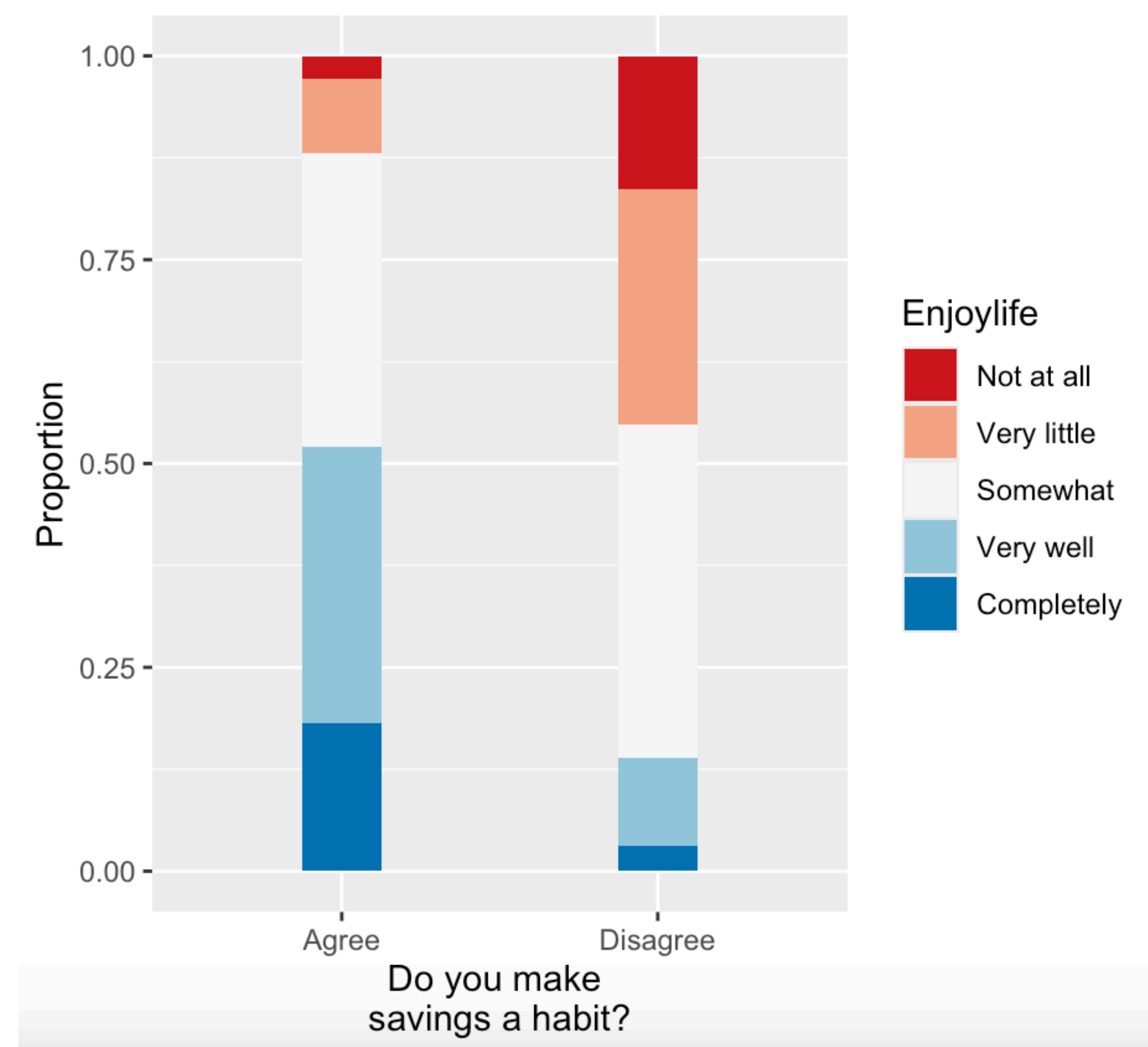


Figure 1&2: The Proportion of Enjoylife against Allowance/Savehabit

Methods

Measures

- Whether the respondents received regular allowance in childhood
- Assessment of saving habits measured on a 1 to 6 scale (1 strongly disagreed - 6 strongly agreed)
- How participants enjoy life due to money habits, measured on a 1-6 scale (1 Not At All - 6 Completely)

Sample

- Respondents (n=6394) were drawn from the GfK KnowledgePanel® of 2016, a nationally representative sample of non-institutionalized adults in the U.S. who speak either English or Spanish.

Discussion

- Parents are recommended to provide their children with allowances to increase likelihood of enjoylife
- Higher earnings are associated with increased likelihood of enjoylife
- Making savings a habit is encouraged
- Future research is needed to determine the role of other covariates (e.g. Household Income Growing Up, Education levels, how much allowance one received).
- The variables in this study were based on self-reported answers so bias must be taken into account.

References

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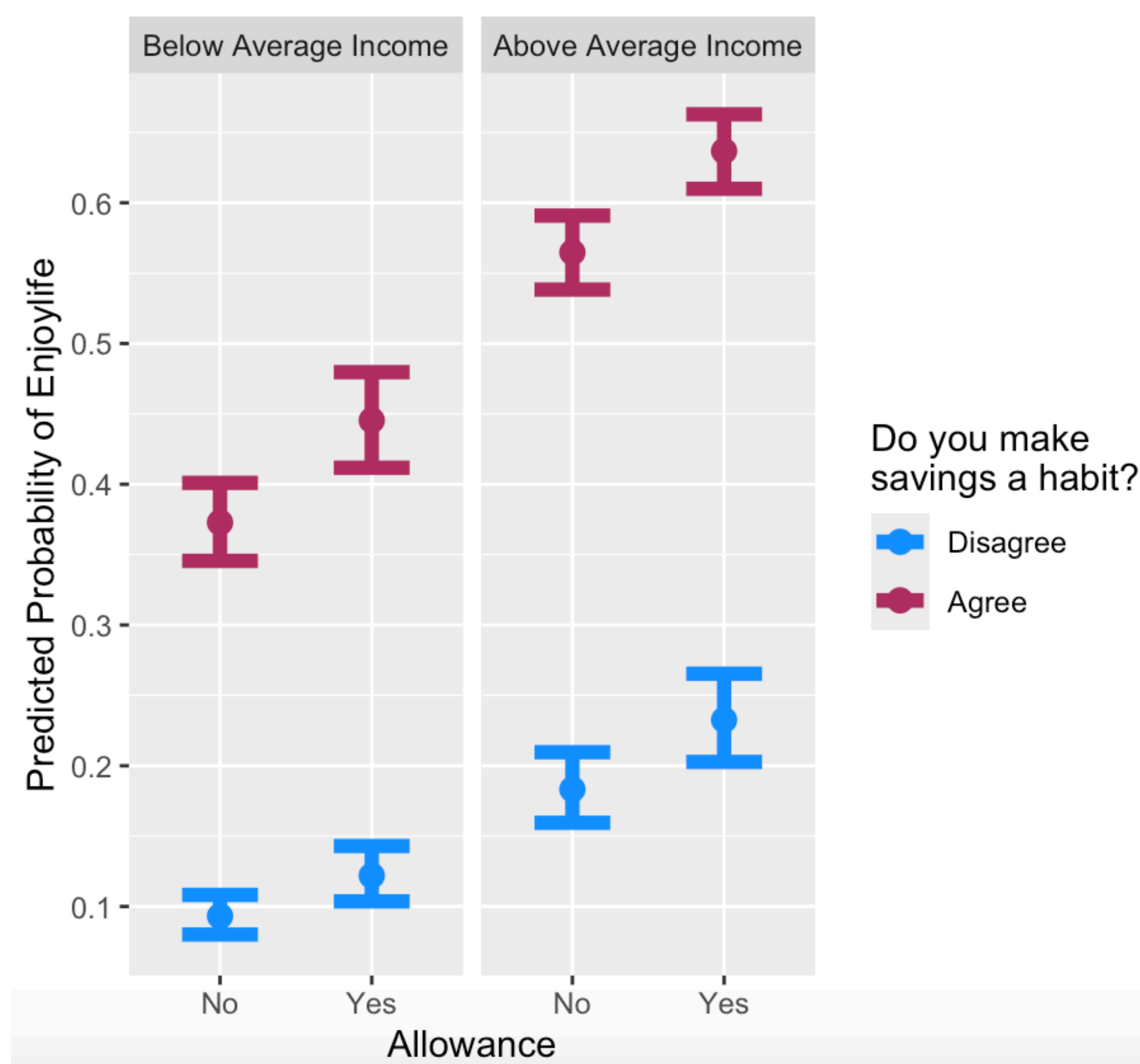


Figure 2: Likelihood of Enjoylife Distribution by Income Level Based On Allowance and Savings Habit