



The Association between Education level and Financial Well Being among households with and without Children



Colin Tsay, Applied Data Analysis, Wesleyan University

Introduction

- Individuals with higher self-perceived Financial Well Being enjoy the rights to more freedom in decision making and have significantly reduced stress levels (Shin 2023)
- For 25-34 year olds working full time, higher education attainment was associated with higher median earnings(NCES 2023)
- The effects of children on financial well being remains unclear. While the financial weight of raising a child bears significantly on a household, being in a parental role tends to promote good habits(CDC 2023)

Research Questions

- Are Americans who attain higher levels of education more likely to report greater Financial Well Being?
- Does having a child moderate this relationship?

Methods

Sample

- Respondents (n=6395) were drawn from the National Financial Well-Being Survey of 2017, a nationally representative sample of adults aged 18 and above in the U.S.

Measures

- Financial Well Being Score was measured using Item Response Theory Methods. These items included questions about financial knowledge, financial behaviors, goals, satisfaction, and security.
- The highest level of education in the household was measured with the question “what is the highest level of education you received?”. Responses varied from 1-5, representing less than a high school degree, high school degree, some college/associate, Bachelor’s degree, and graduate degree

- Participants either agreed or disagreed with the statement “I have no children that I support financially”

Results

Bivariate

- ANOVA showed that those with higher levels of education had higher Financial Well Being scores
- Financial Well Being score was significantly higher for higher levels of education ($p < .0001$) except for between those with high school degrees and some college/associate, where there was no significant difference in Financial Well Being Score.

Multivariate

- After controlling for having children, the multivariate regression analyses showed that highest level of education was still significantly associated with Financial Wellbeing Score($p < .0001$).
- The regression analyses also revealed that having children was significantly associated with a higher financial wellbeing score($p < .001$)
- For every highest education level in household achieved, FWBscore increased by 3.27. Additionally, those without financially supported children had 3.79 higher FWBscores.
- Finally, it was found that having a child did not moderate the relationship, with the direction and strength of the graphs remaining the same.

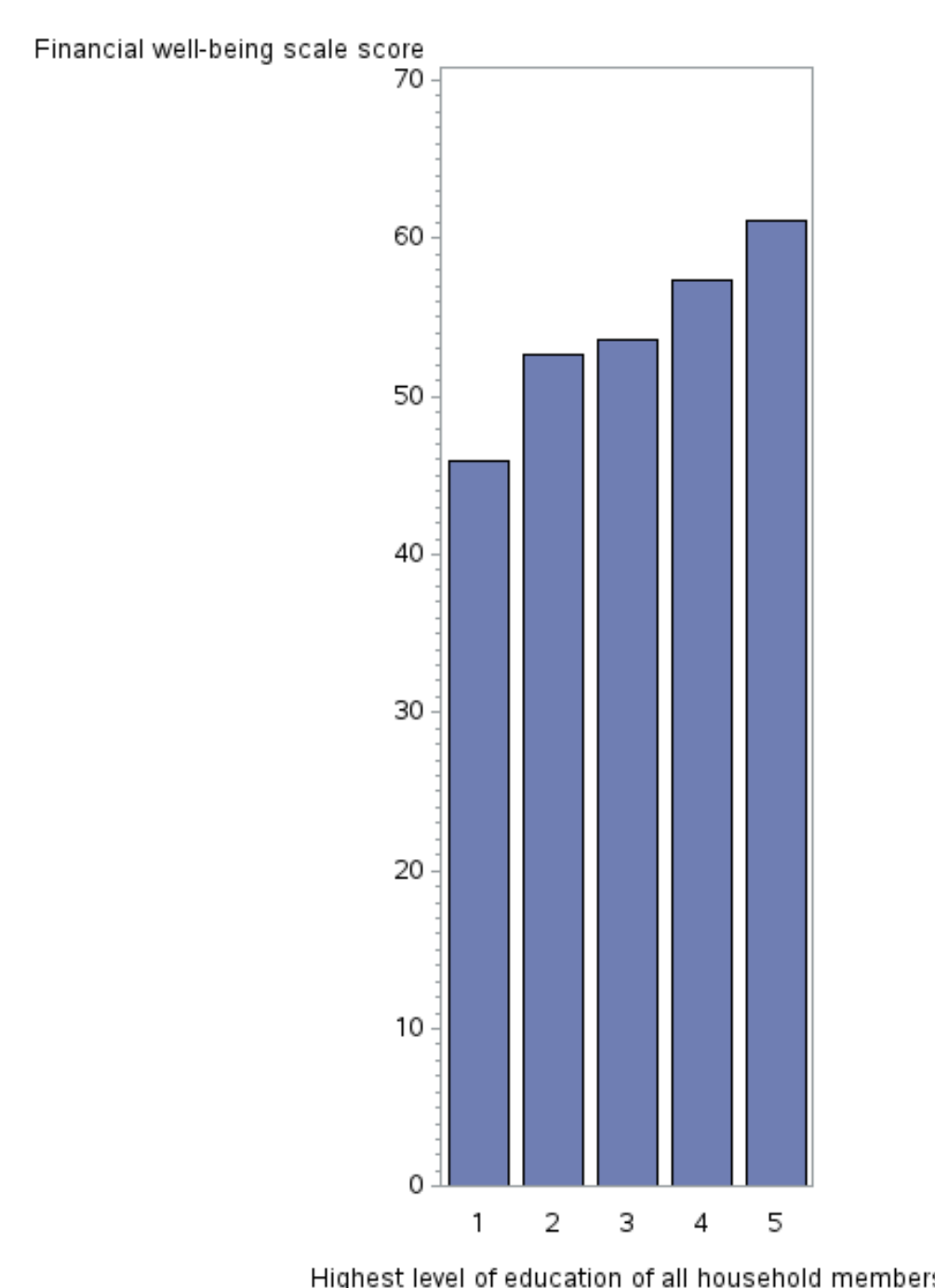


Figure 1: The Mean Financial Wellbeing Score in each category of Highest Level of Education in the Household

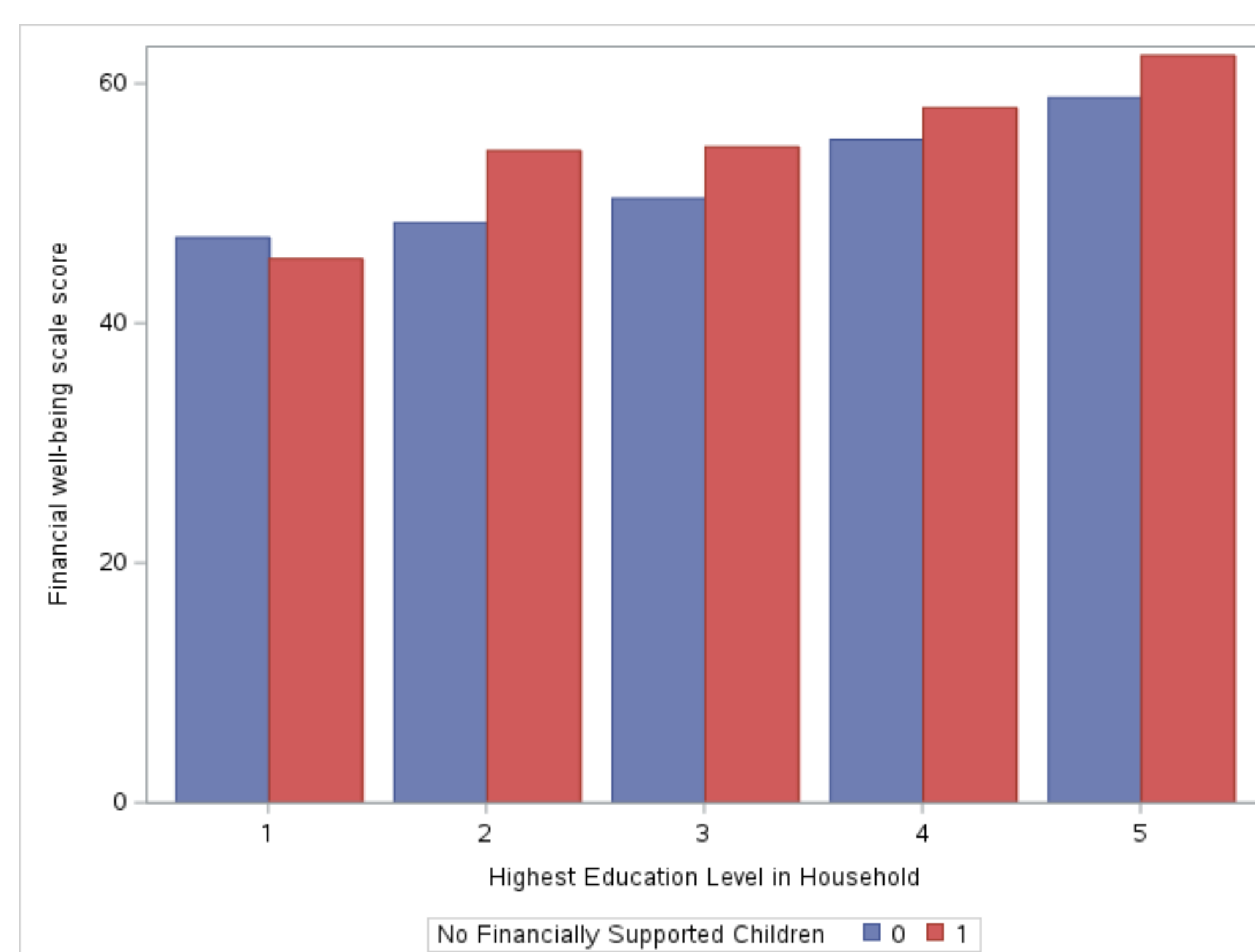


Figure 2: The Mean Financial Wellbeing Score across Highest Levels of Education in the Household for those with or without financially supported children

Discussion

- Individuals with higher levels of education and without financially supported children tend to report higher Financial Well Being Scores
- Present findings could be useful for the government in regards to implementing policies that incentivize individuals to acquire degrees
- However, the Financial Well Being scores are largely accumulated through survey questions, where individuals could likely skew their scores downwards in order to stimulate the government to implement policies to help the public
- Further research is needed to determine whether the details of education(major, quality of schooling) can further increase Financial Wellbeing

References

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