

## Optimism, Economic Outlook, and Financial Savings among Japanese Women

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### Introduction

This study examined the associations between financial savings and psychological factors, specifically the optimistic (pessimistic) outlook on the future of Japanese society and satisfaction with one's life in general, among women in Japan, by focusing on their financial savings and investments. Saving is an inter-temporal choice between current and future consumptions. It "is largely cued by different institutional and mental frames" (Akerlof & Shiller, 2009, p. 123). There is legitimate concern about households with no savings or investment for the future (Institute for Research on Household Economics, 2003). This study confirmed life satisfaction was positively associated with higher probabilities of having the savings and investment and with the amount of the investment.

### Data and Methods

The data came from the 2006 Japanese Panel Survey of Consumers, provided by the Institute for Research on Household Economics in Tokyo, Japan. Respondents to the survey were women, and those in the study sample were between the ages of 27 and 47 and were all married at the time of the 2006 survey (n=1,206). Separate models were run for savings and investments. The response variables were the presence and the amounts (as ratio to the household income from 2005) of household savings and investments. Approximately 80% of the respondents had financial savings, and about 12% had financial investments. The explanatory variables were an index of the respondents' pessimism about the future Japanese society and economy and an index of their own satisfaction about life and happiness. Control variables included socio-economic characteristics of the respondents and households. Double-hurdle models were used simultaneously to assess the variations in pessimism and satisfaction between the respondents who had household or personal savings or investments and those who did not (first hurdle, probit). Among those who did, the model assessed the determinants of the differences in the savings or investment as a ratio to income (second hurdle, truncated regression).

### Results and Implications

There was no association between the pessimism and the probability or the amount of savings and investment. More satisfied married women were more likely to have had savings and investment, and had more value in investment as a portion of their household annual income. Having a college education, having fewer children, and expecting inheritance from one's parents were associated with an increased probability of having had savings and investment. Being older and not being employed were both associated with increased values of savings and investments relative to household income. At the time when the age distribution continues to shift and there are more and more retired persons relative to the working age population, news about insufficient future national retirement pension funds and the increase in the percentage of young Japanese opting-out of their contribution have created anxiety and are affecting each other negatively. Who may be well prepared financially? Social strata appear to explain the variations in married women and their households' savings and investment behavior.

### Acknowledgements

This study was supported by the Georgia Agriculture Experiment Station fund. The data were provided by the Institute for Research on Household Economics in Japan. We thank Lavon Smith for editorial assistance.

### References

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