Adolescent Self-Control and Long-Term Financial Outcomes

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During adolescence, many factors affect ones' financial socialization. These may include an allowance system, co-shopping with parents, direct child observation of parents in money management, general parenting style, and family communication patterns (e.g., Miller & Yung, 1990). When it comes to deliberate methods of teaching financial topics, many parents are uncomfortable and lack financial skills and knowledge themselves (Moschis, 1985). Moreover, financial issues are not frequently discussed at home. The current study examines the impact of positive parenting, financial socialization, and self-control in adolescence and emerging adulthood on the likelihood of having financial problems and being a homeowner in young adulthood. The analysis included three developmental data points from the National Longitudinal Study of Adolescent Health: 1) adolescence (6,504 target youth 15-16 years old in 1994-1995), 2) emerging adulthood (4,882 target youth age 21.82 in 2001-2002), and 3) young adulthood (5,114 target youth 28 years old in 2008). Data are from the same participants, but there was some attrition. The participants completed a variety of assessments. Structural equation modeling using *M*plus Version 7 (Muthén & Muthén, 2012) with standard coefficients used for all paths in the model, as several variables have different measurement ranges. Positive parenting positively affected adolescent self-control ($\beta = .50^{***}$, SE=.01), while parental controls did not significantly affect adolescent self-control. Financial socialization positively affected adolescent self-control ($\beta = .05^{***}$, SE=.01). Furthermore, financial socialization during adolescence directly affected financial problems ($\beta = -.06^{***}$, SE=.01) as well as homeownership ($\beta = .11^{***}$, SE=.01) in young adulthood. Adolescent self-control positively affected emerging adults' self-control ($\beta = .23^{***}$, SE=.01) which, in turn, negatively affected financial problems ($\beta = .-11^{***}$, SE=.02) and positively affected homeownership ($\beta = .21^{***}$, SE=.02). In summary, the current study indicates that positive parenting and financial socialization affected self-control from adolescence to emerging adulthood, and self-control in emerging adulthood decreased the likelihood of having financial problems and increased homeownership in young adulthood. The results imply that positive parenting and financial socialization are transmitted through self-control which is associated with financial outcomes in later life. That is, general positive parenting may positively influence children's self-control which is a stable trait throughout adulthood. Even young adults who have high self-control are less likely to have financial problems and more likely to own a home. Implications for consumer policy and education are that programming and interventions that focus on parenting may be as valuable as interventions focused on building financial skills and knowledge. Creative interventions and education strategies that help build and exercise the "self-control" muscle also seem worth the investment. Future research could focus on additional personality traits and links to money management skills which, in turn, affect financial outcomes.

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