

## The Role of Bonding and Bridging Social Capital in the Relationship Between Financial Well-being and Life Satisfaction Among Older Adults

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### Abstract

Using data from the 2014 Health and Retirement Study (HRS), the main purpose of this study was to examine the role of social capital in the relationship between financial well-being and life satisfaction among older adults. This study also examined how the effect of social capital in life satisfaction differs by household asset quartiles. Life satisfaction was measured by five items of life satisfaction construction. Financial well-being was measured on a 5-point scale of self-perceived financial satisfaction. Social capital was measured using various sources of interaction with children, family members, friends, and engagement in larger social group. T-tests and F- tests were conducted to examine group difference in life satisfaction by selected demographics, including household income, gender, age, education, living arrangement, working status, and health condition. To identify determinants of life satisfaction of older adults, OLS regression analysis was performed. Descriptive results show that life satisfaction was different by age, education, health condition, living arrangement, and working status. Results from the OLS regression indicate that living with someone, good health, and financial well-being increased the level of life satisfaction. The effect of bonding social capital (exchange of emotional support with children, family members, and friends) was different by asset quartiles. For example, the effect of emotional support with children was significant for asset quartiles (2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup>), but not for 1<sup>st</sup> quartile (i.e., lowest asset group). However, emotional support with friends was important for 1<sup>st</sup> quartile group. The effect of bridging social capital was only significant for 4<sup>th</sup> quartile group (wealthiest group). The findings suggest that emotional support with family and friends is more important to life satisfaction than is emotional support with children among the 1<sup>st</sup> quartile (lowest asset) group, whereas social activity participation increased their life satisfaction among the 4<sup>th</sup> quartile (highest asset) group. This study concludes that there exists the mediating role of bonding and bridging social capital in the relationship between financial well-being and life satisfaction. The findings of this study suggest that exchange of emotional support with children (i.e., bonding social capital) is not significant for the older adults with lower assets, but working status was significant to their life satisfaction among those with lower assets. The findings of this study also suggest that participation in social activities (i.e., bridging social capital) positively mediates the relationship between financial well-being and life satisfaction among older adults, and its effect is slightly larger for the wealthier group than other groups.

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