Does meaning in life improve financial satisfaction if you're repaying student loans?

Sarah Burcher, University of Minnesota[1]
Joyce Serido, University of Minnesota[2]

Objective

The purpose of this study was to investigate the role of meaning in life on financial satisfaction among student loan debtors, accounting for the financial stress of student loan debt (e.g. feelings about repayment and perceived repayment difficulty).

Significance

The expectation that education leads to increased access to better jobs and financial security is well-supported in the extant literature (Carnevale, Smith & Strohl, 2013; Ma, Pender, & Welch, 2016). Although today's young adults are more educated than previous generations (Bialik & Fry, 2019), many of them borrowed to pay for that education. Studies have demonstrated a strong association between student loan debt and subsequent health and financial problems (e.g., Andruska, Hogarth, Fletcher, Forbes, & Wohlgemuth, 2014; Bozick & Estacion, 2014) as well as higher concurrent levels of psychological stress (Shim, Serido, & Lee, 2019). Because meaning in life is associated with higher life satisfaction (Park, Park, & Peterson, 2010), could meaning in life improve financial satisfaction for student loan debtors?

Method

For this study, we conducted secondary data analysis of a larger longitudinal research initiative. Four waves of survey data have been collected from a 2007 cohort of first-year college students at a major public university in the American Southwest: Wave 1 baseline data, collected in spring 2008 (age 18-21), Wave 2 data, collected in fall 2010 (age 21-24), Wave 3 data, collected in spring-summer 2013 (age 24-27) and Wave 4 collected in summer 2016 (ages 27-30). The subsample for the study included young adults who participated in the most recent wave and took out undergraduate student loans (*N*=373, 64.1%). The demographics of the sample included: 60.3% White/Caucasian; 22.3% Hispanic/Latino; 7.0% Asian/Asian American: 4.8% African American/Black; 2.7% Other; 2.1% Native American; and 0.8% Pacific Islands. Socioeconomic status (SES) included lower (46%), middle (24.1%), and higher (29.9%). First-generation college students made up 23.1% of the sample and 64.1% were female. Current income levels included: 17.7% less than $24,999; 25.2% between $25,000-$39,999; 26.0% between $40,000-$59,999; 14.5% between $60,000-$74,999; and 16.6% more than $74,999. Loan status included: Loan paid (25.7%); Almost paid (20.4%); On time payments (22.8%); Behind on payments (11%); and Unable to make payments (6.7%). The mean of student loan debt was $25,999 and ranged from $0-$160,000.

Preliminary Analyses and Results

Intercorrelations and descriptive analyses of variables are presented in Table 1. The results show that feelings about repayment and perceived repayment difficulty were significant and negatively associated with financial satisfaction whereas presence of meaning was significant and positively associated with financial satisfaction.

OLS hierarchical regression analyses estimated the effect of meaning after accounting for the effects of feelings about repayment and perceived repayment difficulty on financial satisfaction (see Table

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[1] Sarah Burcher (burch184@umn.edu), Ph.D. Candidate, Family Social Science
[2] Joyce Serido (jserido@umn.edu), Associate Professor and Extension Specialist, Family Social Science

2). All analyses controlled for current income, gender, race/ethnicity, first generation status, and family socioeconomic status.

Model 1 (see Table 2): Step 1, sociodemographic variables accounted for 19.3% of the variance in financial satisfaction. Income was positively associated with financial satisfaction and first generation status was negatively associated with financial satisfaction. Step 2, financial stress variables accounted for an additional 20.4% of the variance. Income, feelings about repayment, and perceived repayment difficulty were associated with lower financial satisfaction. Step 3, after accounting for the negative effects of income, feelings about repayment, and perceived repayment difficulty, presence of meaning was positively associated with financial satisfaction, accounting for an additional 1.7% of the variance. The final model was statistically significant ($F(8,353) = 32.839$, $p = .000$, adjusted $R^2 = .414$).

We plan to re-estimate the model using a Structural Equation Model (SEM) and to test for meaning as a potential moderator of the association between financial stress and financial satisfaction and to examine potential differences among the five loan status groups.

Conclusions/Relevance

This study fills a gap in the research literature by applying the meaning-making model (Park, 2010) to the financial domain. Preliminary findings provide some support that meaning in life was positively associated with financial satisfaction. Popular press articles are reporting that young adults may be choosing jobs that pay well but sacrifice their satisfaction. Meaning has been found to moderate the relationship between income and satisfaction (Joshanloo, 2018), suggesting that people with a sense of meaning may have additional coping mechanisms for dealing with financial stress. But, for those that are still in the middle of making loan payments, the long-term benefits of their education may not be apparent. The planned study will delve deeper into this topic by examining potential differences by loan repayment status to address the following questions: Do young adults who are close to paying off their loans report higher meaning and less stress than those that are struggling to repay their loans? Does having more meaning in one's life buffer the negative impact of financial stress on financial satisfaction for some loan status groups than others? Findings will contribute to our understanding of how to better support young adults coping with the financial stress of student loan debt.

Appendix

Table 1.

Descriptive Statistics and Correlations of Variables (N=373)

	M	SD	Feelings about Repayment	Perceived Repayment Difficulty	Presence of Meaning	Financial Satisfaction
Feelings about Repayment	2.95	1.61	-			
Perceived Repayment Difficulty	2.67	0.99	.639**	-		
Presence of Meaning	4.92	1.32	-.118*	-.157**	-	
Financial Satisfaction	3.06	1.07	-.551**	-.517**	.244**	-

Note. $* \rho < .05.$ $** \rho < .01.$

Table 2.

Model 1 Regression Model Predicting Financial Satisfaction (N=373)

	Step 1			Step 2			Step 3		
Variable	B	SE B	β	B	SE B	β	B	SE B	β
Income	.344	.039	.428***	.206	.036	.256***	.198	.036	.247***
Gender	.050	.108	.023	.178	.094	.080	.124	.094	.056
Ethnicity	.023	.033	.033	.010	.029	.014	.010	.028	.014
SES Category	.055	.067	.044	-.001	.058	-.001	-.017	.057	-.013
First Generation	-.281	.135	-.112*	-.189	.117	-.075	-.180	.115	-.071
Feelings about Repayment				-.217	.036	-.330***	-.215	.036	-.326***
Perceived Repayment Difficulty				-.233	.058	-.219***	-.215	.058	-.201***
Presence of Meaning							.111	.034	.138**
R^2		.193			.397			.414	
F		18.257***			34.979***			32.839***	

Note. $* \rho < .05.$ $** \rho < .01.$ $*** \rho < .001.$

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