

Financial Socialization and Subjective Well-Being of Millennials

Lu Fan, University of Missouri¹
Narang Park, University of Georgia²

Millennials as the second-largest generation in the US differ from other generations by showing more financial struggles and problematic financial behaviors (Mottola, 2014). Although studies found that positive influences of financial socialization on financial attitude and behavior (Gudmunson, Ray, & Xiao, 2016; Kim & Chatterjee, 2013; Fan & Chatterjee, 2019; Shim, Serido, Bosch, & Tang, 2013), having merely financial socialization and education may be not adequate for the Millennials to demonstrate healthy financial behaviors (Friedline & West, 2016). Therefore, it is crucial to study how socialization can benefit Millennials' financial capability, behavior, and well-being.

This study proposed a comprehensive framework that describes how financial socialization is linked to the financial well-being and subjective well-being of Millennials. The data obtained from the National Financial Well-Being Survey were analyzed to test the hypothesized associations. The results showed that there were positive direct and indirect influences of early financial socialization on financial well-being and subjective well-being during the emerging and middle life stages of Millennials.

This study contributed to the literature by establishing a conceptual framework to examine the relationship between financial socialization and the subjective well-being of Millennials. The interplay among financial socialization, financial knowledge and behavior, and financial well-being and subjective well-being were significantly confirmed in this study.

References

- Fan, L., & Chatterjee, S. (2019). Financial socialization, financial education, and student loan debt. *Journal of Family and Economic Issues*, 40(1), 74-85.
- Friedline, T., & West, S. (2016). Financial education is not enough: Millennials may need financial capability to demonstrate healthier financial behaviors. *Journal of Family and Economic Issues*, 37(4), 649-671.
- Gudmunson, C. G., Ray, S. K., & Xiao, J. J. (2016). Financial socialization. In J. J. Xiao J. (Ed.), *Handbook of cConsumer fFinance rResearch* (pp. 61-72). Springer., Cham.
- Kim, J., & Chatterjee, S. (2013). Childhood financial socialization and young adults' financial management. *Journal of Financial Counseling and Planning*, 24(1), 61-92.
- Mottola, G. R. (2014). The financial capability of young adults—A generational view. *Insights: Financial capability. FINRA Investor Education Foundation*. Retrieved from <https://test.knowledgesoftware.com/assets/>
- Shim, S., Serido, J., Bosch, L., & Tang, C. (2013). Financial identity-processing styles among young adults: A longitudinal study of socialization factors and consequences for financial capabilities. *Journal of Consumer Affairs*, 47(1), 128-152.

¹ Lu Fan (fanlu@missouri.edu), Assistant Professor, Personal Financial Planning

² Narang Park (narang.park25@uga.edu), Ph.D. Candidate, Financial Planning, Housing & Consumer Economics