

Financial Stress and Financial Well-Being among Married Individuals

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Financial well-being can influence relationship satisfaction, marital satisfaction, or overall life satisfaction for families and individuals. Financial disagreements and conflicts over money between couples have been significant predictors of marital satisfaction and divorce (Archuleta, et al., 2011). On the other hand, couples who experienced early years of marriage with no money arguments had high relationship satisfaction in later years of marriage (Britt & Huston, 2012). Little is known about the effect of financial stress on financial well-being among married individuals. This study examined how financial stress is associated with financial well-being among married individuals and investigated what socioeconomics of married individuals are associated with their level of financial well-being.

Using data from the 2018 FINRA Investor Education Foundation's National Financial Capability Study (NFCS), we selected individuals who said they were married, excluding those who were living with a partner. Assuming they were in a traditional marriage, the final sample size used for this study was 12,735 individuals. The financial well-being, as a dependent variable in a multivariate analysis, was measured by the question: "Overall, thinking of your assets, debts, and savings, how satisfied are you with your current personal financial condition?" Financial stress, as a main independent variable, was measured by the following three variables: high debt level (I have too much debt right now), unpaid medical debt (I currently have unpaid medical bills from health care providers), and debt collection call stress (I have been contacted by a debt collection agency in the past 12 months). The socioeconomic characteristics include age, gender, race/ethnicity, education, and income category.

We found that the mean level of financial stress was 1.6, on a scale from 1 to 3, whereas the mean level of financial well-being was 6.5 on a scale from 1 to 7. The Ordinary Least Square (OLS) regression results show that all else being equal, the effect of financial stress on financial well-being was statically significant and negative, suggesting the perceived financial stress from their debt situation decreased the level of financial well-being among married individuals. There was a gender difference in the level of financial well-being among married individuals, indicating that married females had lower levels of financial well-being than married males. Household income levels were statistically significant, suggesting that married individuals in higher income categories ((\$50,000-\$75,000 and \$75,000+) had higher level of financial well-being.

The present study attempted to examine the effect of financial stress on financial well-being among married individuals. As expected, financial stress had a significant and negative impact on financial well-being. This result means that financial stress within a couple significantly decreased the level of their financial well-being. This finding could have implication for research on relationship satisfaction and marital satisfaction among couples because financial disagreements between spouses predict divorce more than the other common reasons for disagreements (Dew, Britt, & Huston, 2012). Financial counselors can benefit from this study as increasing numbers of couples seeking services report financial problems. Other professionals can benefit by combining financial education with their areas of expertise.

References

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