



# How Aging Impacts the Relationship Between an Individual's Financial Well-Being and His or Her Life Satisfaction

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## Introduction

- A person's level of financial well-being is generally regarded as a key determinant of his or her life satisfaction (Ngamaba, Armitage, Panagioti, & Hodkinson, 2020).
- If having more money means leaving poverty, it might increase people's satisfaction on life (Diener, 2002).
- Financial well-being is positively associated with individual's life satisfaction, but among all the indicators for financial well-being, only the number of assets is directly related to life satisfaction (Thanh & Nguyen, 2022).
- Wealth indicators, such as income and possessions, are generally considered reliable readouts of the environment which directly affect life satisfaction (Johnson & Krueger, 2006).

## Research Questions

- Is there a relationship between financial well-being and life satisfaction?
- Does age have an impact on the relationship between individual's financial well-being and his or her life satisfaction?

## Methods

### Sample - NFWBS (National Financial Well-Being Survey)

- The NFWBS included over sampling of Hispanic and Non-Hispanic adults aged above 18 years.
- The NFWBS included over sampling of individuals living in Northeast, Midwest, South, and West.
- The NFWBS included 6394 participants.

### Measures

- Individual's financial well-being was assessed using the sum of 3 questions about their ability to handle economic matters. Each response was coded on a scale of 0 to 4, then summed. Scores ranged from 0 (most negative) to 12 (most positive), which is different from the IRT Score.
- Use variable "SWB\_1" (I am satisfied with my life) to assess an individual's life satisfaction, the score ranges from 1 to 7, where 1 stands for 'strongly disagree' with the above statement and 7 stands for 'strongly agree' with the above statement.
- Individual's age was assessed using the variable *age*, which was divided into three sections- 'Young Adults', 'Middle-aged Adults', and 'Old-aged Adults'.

## Results

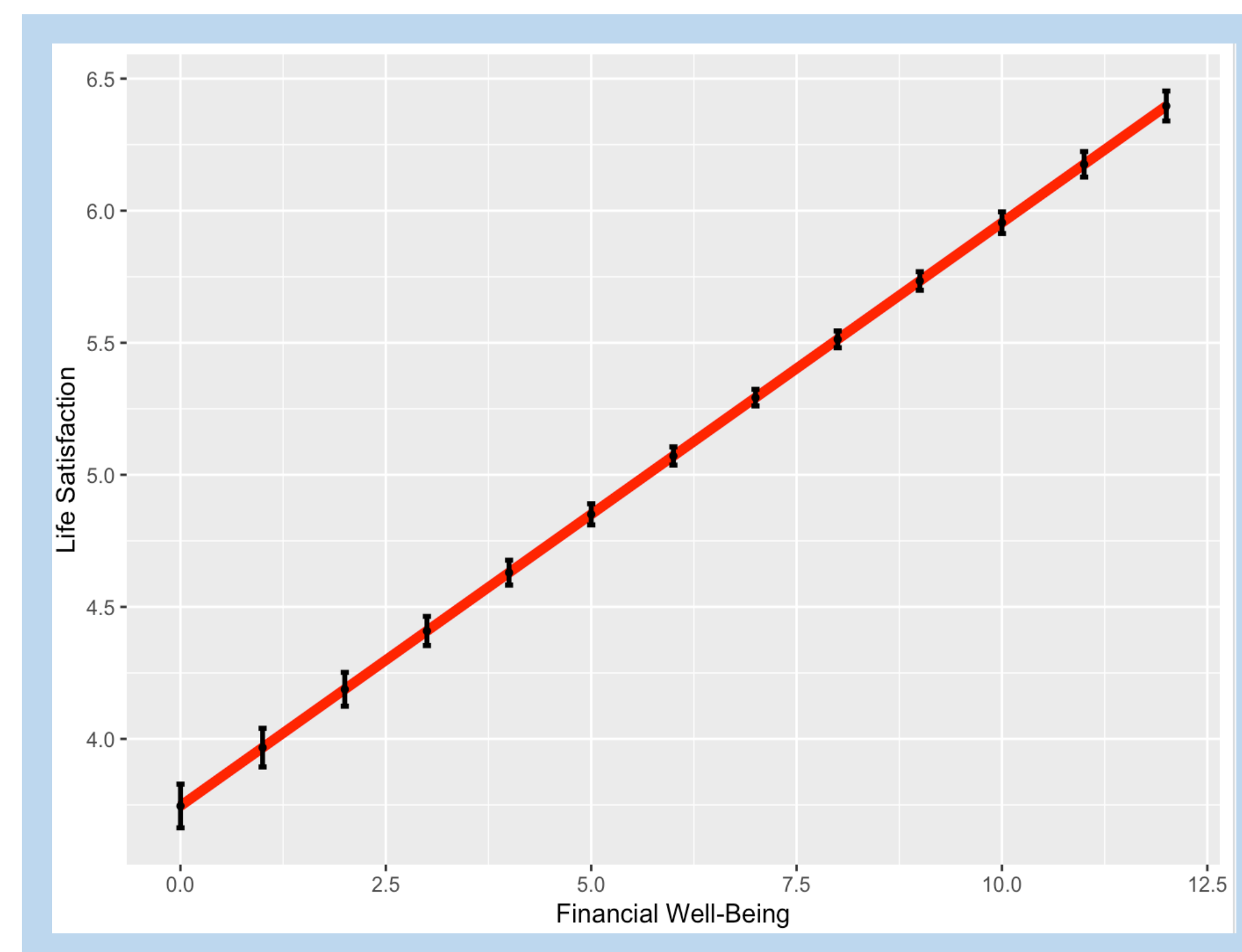
### Univariate

- About 90% of respondents are generally satisfied with their life.

### Bivariate

- A Pearson correlation test showed that **an individual's life satisfaction** was significantly and positively associated with **his or her financial well-being** ( $r=0.47$ ,  $p<.0001$ ).

Figure 1. Life Satisfaction vs. Financial Well-Being

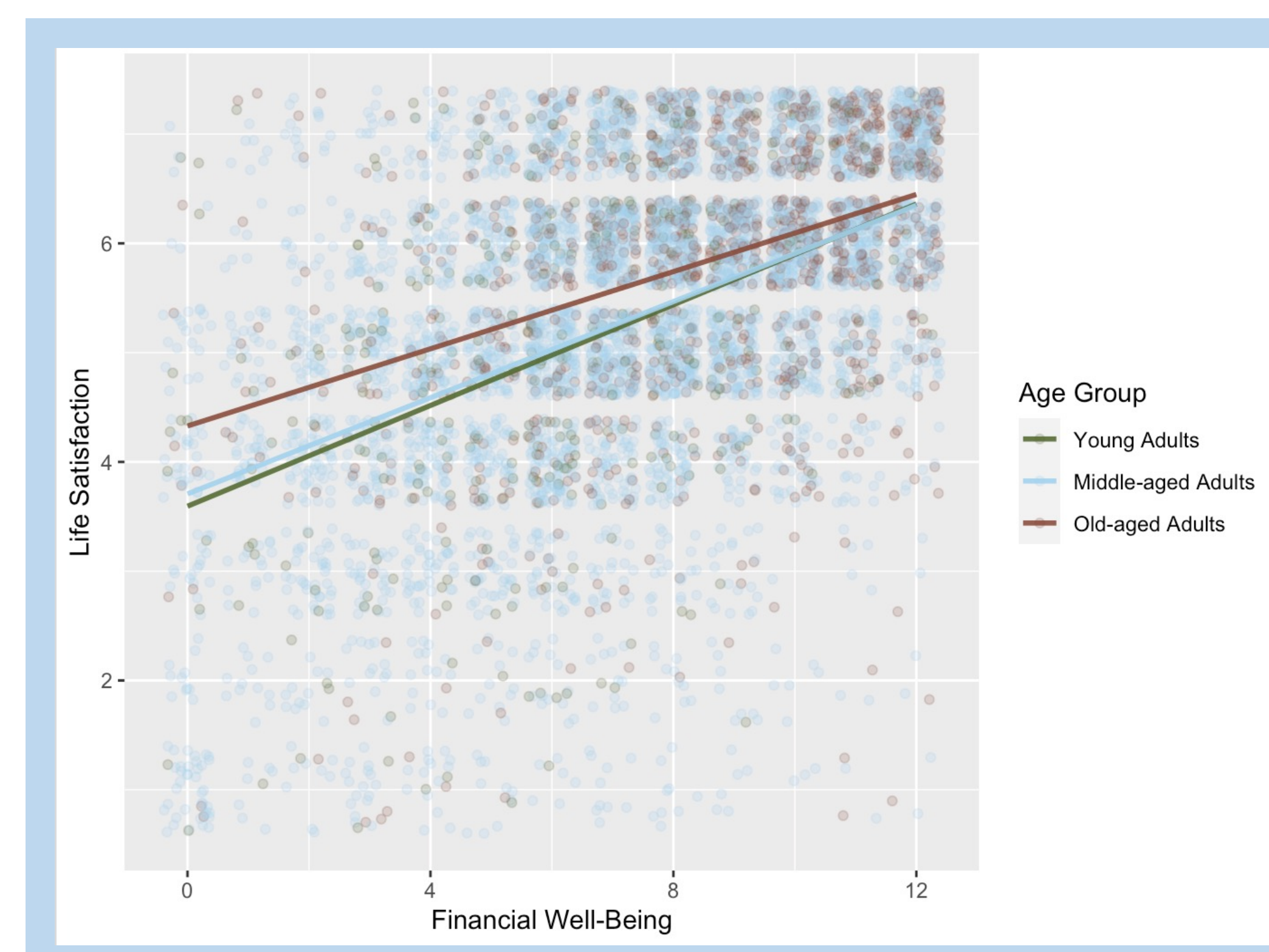


- As expected, bivariate regression showed that variable *SWB\_1*, which represents an individual's life satisfaction, was significantly and positively associated with *FinancialScore*, which represents an individual's financial well-being (Beta=0.220847, CI 0.21 - 0.23,  $p<.0001$ ).

### Multivariate

- Age is a moderator for the association between Life Satisfaction vs. Financial Well-Being (Figure 2). The slope is different between the old-aged adults and young or middle-aged adults.
- An individual's life satisfaction was significantly and positively associated with his or her financial well-being after controlling age (Beta=0.23, CI 0.187-0.274,  $p<.0001$ ).

Figure 2. Life Satisfaction vs. Financial Well-Being Among Different Age Groups



## Discussion

- Research may suggest that an individual's financial well-being is positively associated with his or her life satisfaction.
- Research may suggest that the impact of financial well-being on young people's satisfaction of life is greater than that on the elderly.
- Further research is needed to determine if there is a causal relationship between an individual's financial well-being and his or her life satisfaction.

### Works Cited:

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