The Association Between Housing Situation and Financial Well-Being Across Different Age Groups

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Introduction

- Financial well-being is meeting financial needs, feeling secure about the future, and enjoying life (Financial Well-Being, 2024).
- Homeownership is positively associated with better mental health, higher socioeconomic status, and greater subjective well-being (Dwyer et al., 2016).
- Homeownership contributes to household wealth accumulation through portfolio diversification and the equity built over time (Beracha et al., 2017).
- Subjective well-being can promote success at work and enhance financial well-being (Walsh et al., 2018).
- At different stages of adulthood, such as young adults, middle-aged adults, and the elderly, there are distinct financial characteristics and needs (Xiao, 2009, 2015; Lansford et al., 2024).
- The direct relationship between housing situation and financial well-being remains limited in the literature.
- The role of age as a potential moderator in the housing-financial well-being relationship is underexplored

Research Questions

- Is there an association between housing situation and financial well-being?
- Does age moderate the association between housing situation and financial well-being, particularly among different age categories?

Methods

Sample - NFWBS (National Financial Well-Being Survey)

- The NFWBS was designed to represent the non-institutionalized adult population (aged 18 and older) in the 50 U.S. states and Washington, D.C.
- The NFWBS included 6350 participants.

Measures

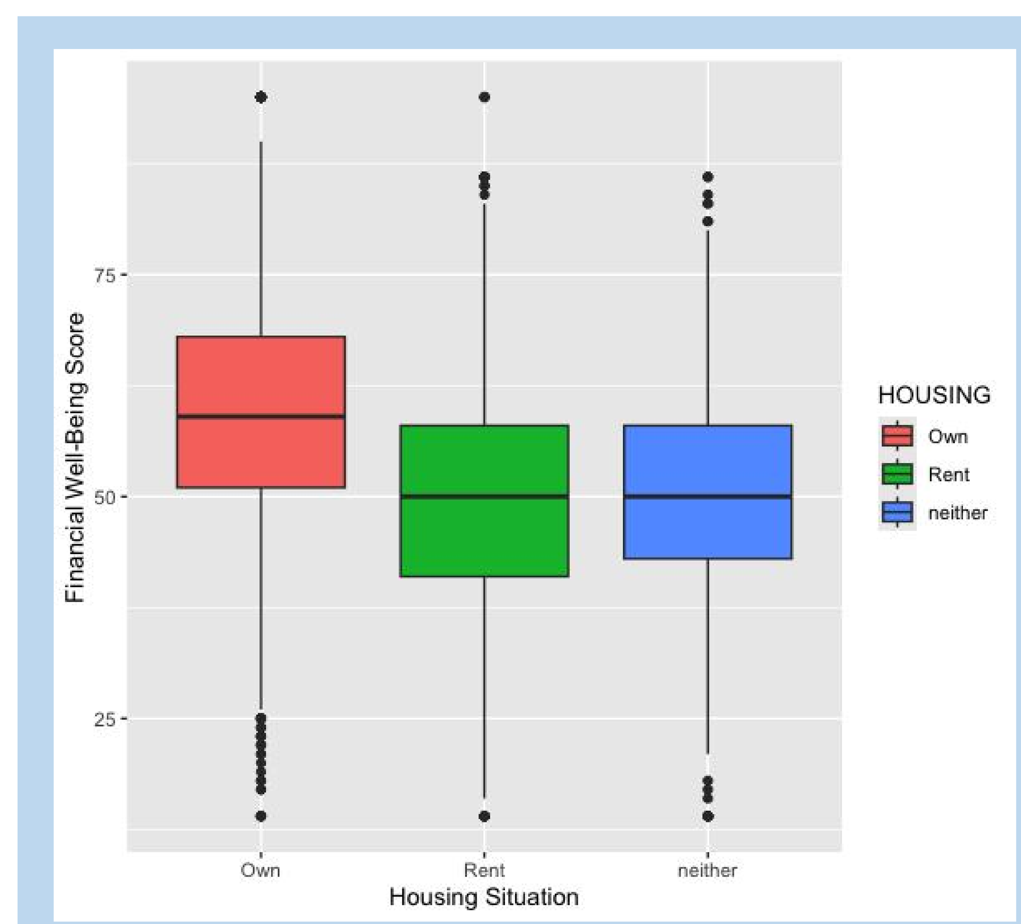
- Financial Well-Being Score was assessed using the Consumer Financial Protection Bureau's Financial Well-Being Scale, a validated measure based on Item Response Theory (IRT) methods. The scale measures participants' perceived financial security and freedom of financial choice, with scores ranging from 0 (low) to 100 (high).
- The housing situation was measured with the question: "Which one of the following best describes your housing situation?" Possible responses included owning, renting, or neither.
- *The age group was self-reported into 3 groups, 18-34, 35-61, and 62+, and labeled them as "Young Adult," "Middle-aged Adult," and "elderly."*

Results

Bivariate (ANOVA Test)

- An Analysis of Variance (ANOVA) was conducted to examine the relationship between **housing situation** and **financial well-being scores**. The results revealed that housing situation was **significantly associated** with financial well-being, $F(2, 6347) = 417.6$, $p < 0.001$.

Figure 1. Financial Well-Being Scores by Housing Situation



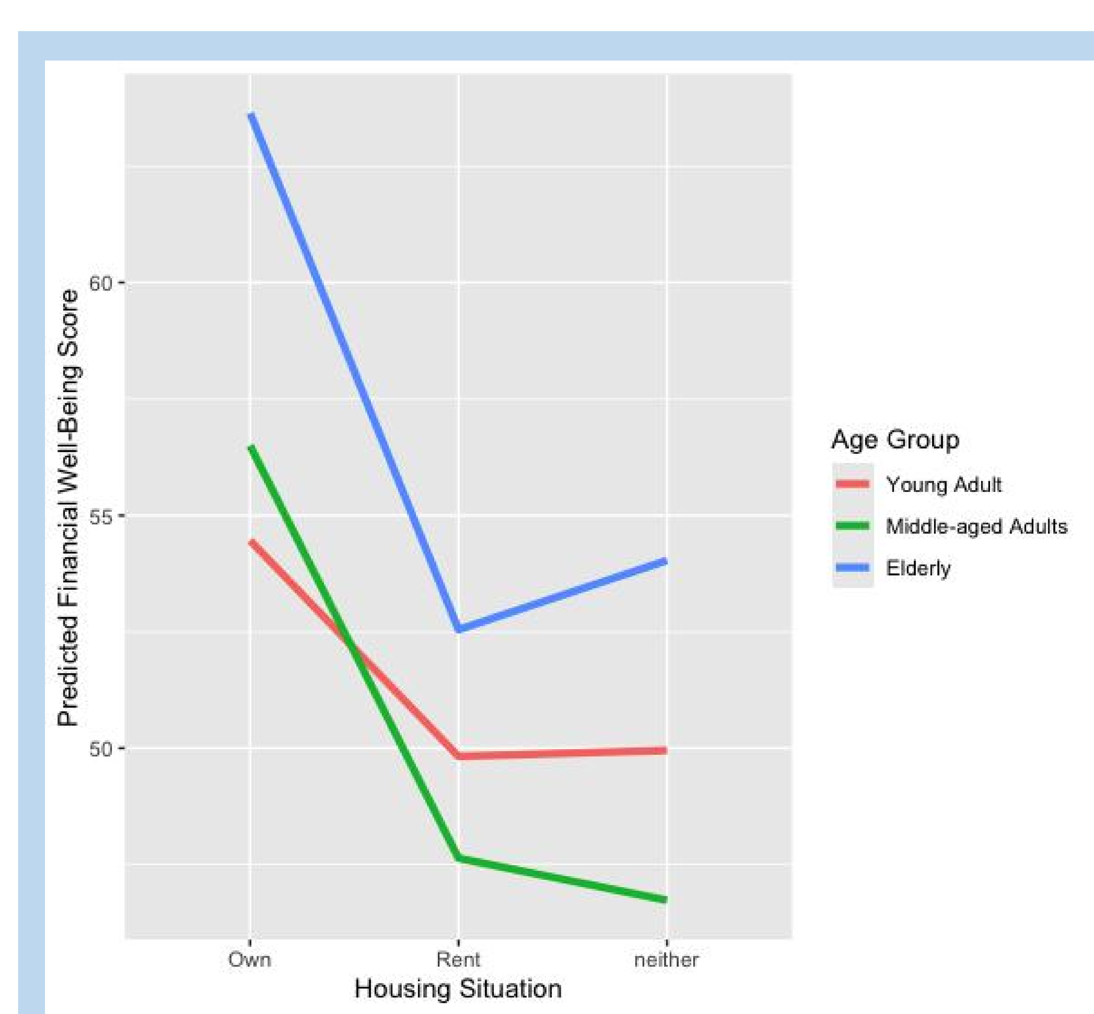
Post hoc ANOVA results shows:

- Renters and individuals in "neither" housing situations reported significantly lower financial well-being scores compared to homeowners.
- There was no significant difference between renters and those in "neither" housing situations.

Multivariate (Moderation Test)

- The moderation test revealed that age significantly moderates the relationship between housing situation and financial well-being.

Figure 2. Interaction Between Housing and Age on Financial Well-Being



- For young adults, renting reduces financial well-being by 4.64 points and "neither" housing reduces it by 4.51 points compared to homeownership (both $p < 0.001$).
- Middle-aged adults experience an additional reduction of 4.22 points when renting and 5.25 points in "neither" housing compared to homeownership (both $p < 0.01$).
- The elderly experience the largest reductions of 6.45 points and 5.10 points respectively compared to homeownership (both $p < 0.01$).

Discussion

- Elderly individuals are most negatively affected by renting or "neither" housing situations, likely due to reliance on fixed incomes or savings.
- Middle-aged adults also experience significant reductions in financial well-being under renting or "neither," reflecting financial pressures from family responsibilities or mortgages.
- Young adults show resilience in financial well-being when renting, but addressing affordability issues could still enhance their long-term financial security.

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