



# The Relationship Between Life Satisfaction and Financial Well-being

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## Introduction

- For gender, a study conducted in 2019 found that there were no significant differences in mean subjective happiness between men and women (Carmichael, 2019).
- As people age, their life satisfaction is determined less by financial stability as they focus more on social or emotional well-being (Matavelli, 2020).
- In general, higher life satisfaction is associated with higher financial well-being to a certain extent (Nguyen, 2021)

## Research Questions

- Is life satisfaction dictated by financial status? How does controlling for gender and education level influence these findings?

## Methods

### Sample

- Respondents (n=6,394) were drawn from the 2017 National Financial Well-Being Survey (NFWBS), a nationally representative sample of a wide range of ages, income levels, geographical regions, household types, education levels, and employment status.

### Measures

- Life Satisfaction, the response variable in this project, was studied using the question: "Are you satisfied with your life?" with answers ranging from 1("Do Not Agree") to 7("Strongly Agree").
- The main explanatory variable came from the question, "What is your financial well-being score?" Responses ranged from 1(low financial well-being) to 95(highest level of financial well-being).

- To measure education level, the question "What is your highest level of education?" was asked. Responses ranged from 1("less than high school") to 5("graduate degree").

## Results

### Bivariate

- An ANOVA showed that life satisfaction was significantly associated with higher financial well-being scores ( $p = .000$ ).
- A Sidak post-hoc test revealed that levels 1 and 2 were not significant while the others were ( $p = .071$ ).
- As life satisfaction increased, so did the average financial well-being score(Fig. 1).

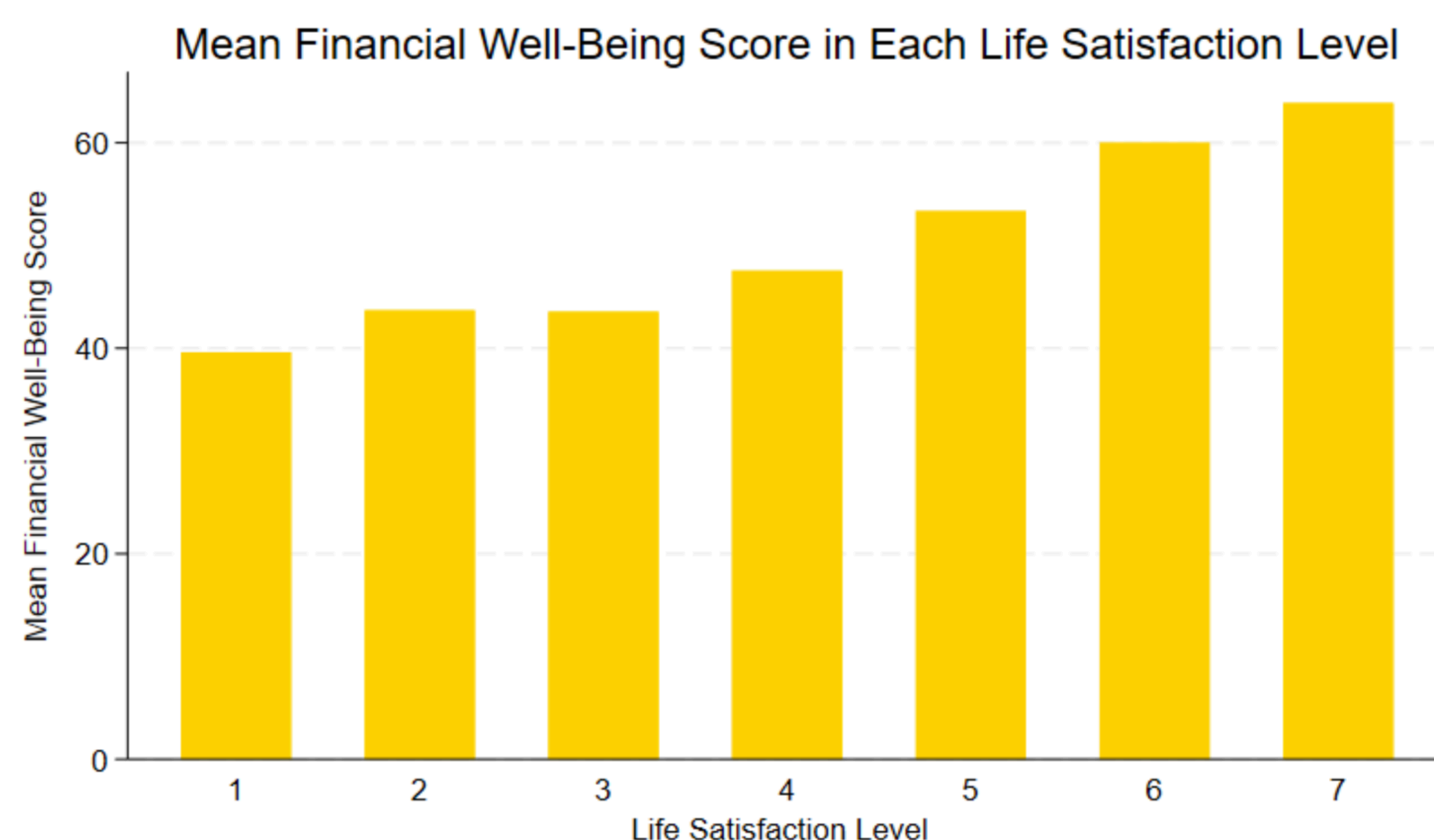


Figure 1: The Mean Financial Well-Being Score in Each Life Satisfaction Level

### Multivariate

- Multiple linear regression analyses showed that males were significantly more likely than females to have a higher financial well-being score in the same life satisfaction level ( $p = .000$ ).
- Gender is an additional explanatory variable in the relationship between life satisfaction and financial well-being, controlling for education levels ( $p=0.000$ ) (Fig. 2).
- For every level in Life Satisfaction, males had a .93 higher financial well-being score than females (Fig. 3).

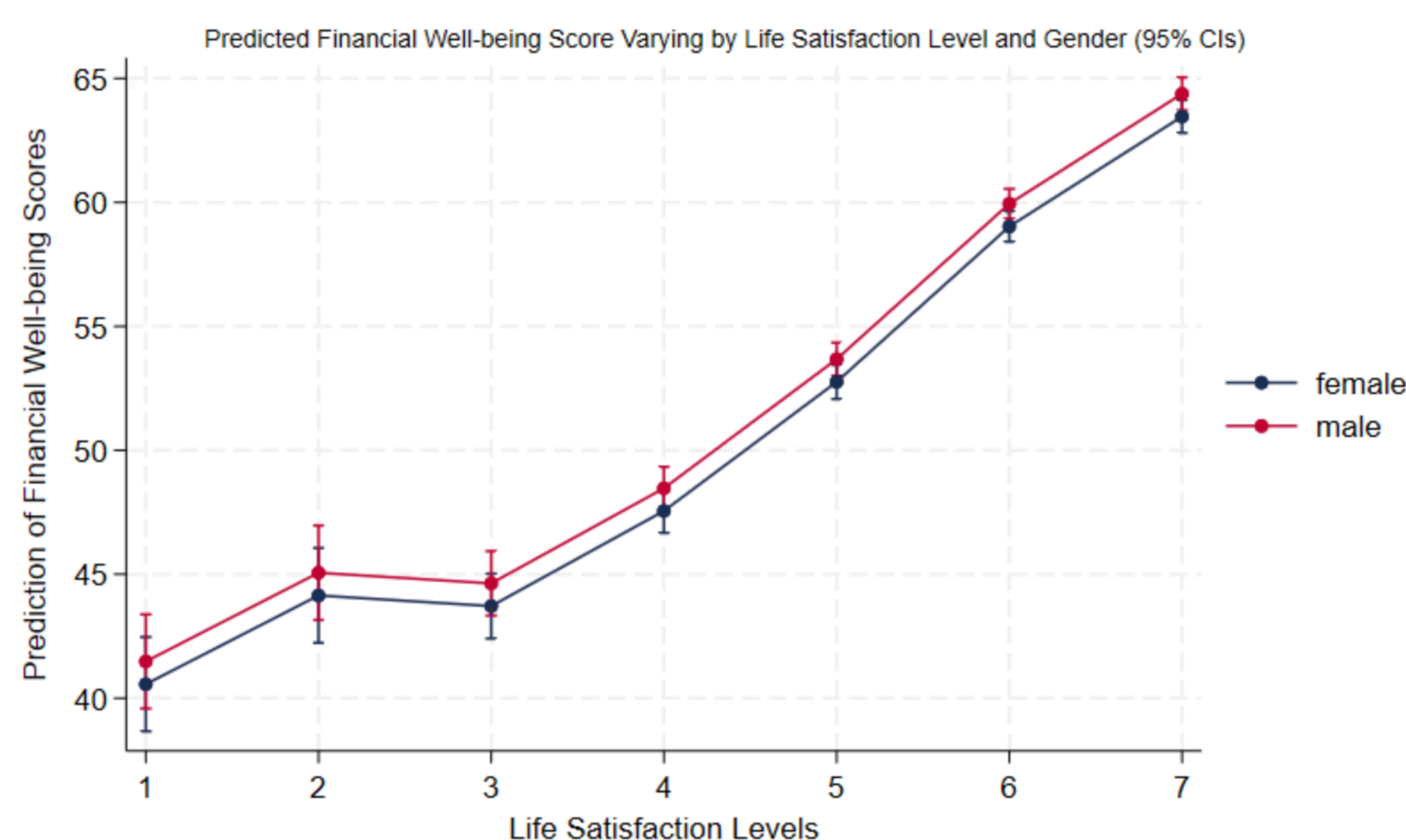
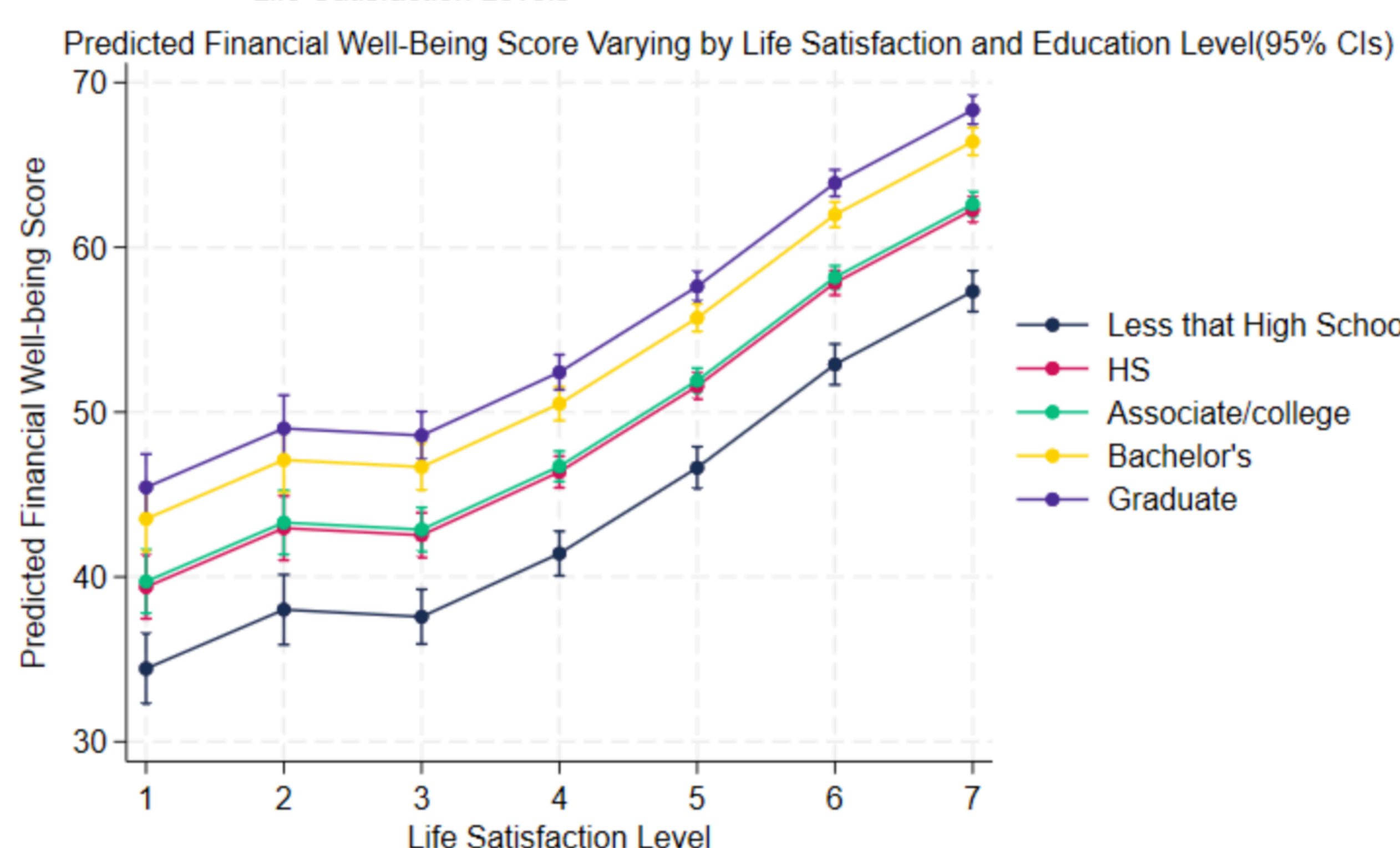


Figure 2: Predicted Financial Well-Being Score in Each Life Satisfaction Level Based On Gender, Controlling for Education Level

Figure 3: Predicted Financial Well-Being Score in Each Life Satisfaction Level Based On Education Level, Controlling for Gender



## Discussion

- As Life Satisfaction levels increase, individuals are more likely to have higher financial well-being scores
- These findings may contribute to economic research regarding financial status and happiness levels.
- Future research is needed to determine the role of other covariates (e.g. income and race), any nuances between geography and other forms of happiness levels not explored in this study.

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