



The Association Between Feelings of Financial Stress and Education

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Introduction

- As money management has become more complex and difficult, financial stress has become prevalent in the lives of Americans as 47% of adults in the United States reported that their finances were negatively affecting their mental health (Gillespie).
- High levels of financial stress have been significantly linked to high measures of psychological distress (Ryu et. al.) which can hit individuals hard in their professional life, physical health, and personal relationships.
- Existing research for a positive association between education and income ("Education pays : U.S") and income and financial management stress (Netemeyer et. al.), it remains unclear whether there is an association between education and financial stress.
- While the present study investigates education as a predictor of financial stress in adulthood, it is important to note that the choice to pursue higher education has an increasing impact on later financial security. For example, studies have shown that those with student loans experience more financial hardship, however this can depend on individual factors as student debt can have an overall greater impact on one's education and career (Gicheva, 288).

Methods

Sample

- The National Financial Well-Being Survey sample (n=6,394) was designed to represent the non-institutionalized (age 18 or older) adult population of the United States.

Measures

- Education level was measured with a categorized response to "Highest Degree Earned" with 5 possible responses ranging from "Less than high school," to "Graduate/professional degree".
- Presence of student loans in a household was measured on a Yes/No scale.
- Feelings of financial stress were measured with a series of 6 questions that revolve around feelings of control and understanding about financial decisions and experiences in their adult life.
- Responses were assigned numerical values and summed in the Financial Stress Score with higher scores reflecting greater feelings of financial stress.

Research Questions

- Is there an association between feelings of financial stress as an adult and education level?
- Does the relationship between feelings of financial stress and education level change when controlling for presence student loans?

Results

Bivariate

- ANOVA analysis revealed that among adults in the U.S., education level and financial stress score were significantly associated, $F(4, 6350) = 141.6, p < 2e-16$.
- Post hoc comparisons of mean stress scores by education level revealed that those individuals with higher levels of education reported significantly decreased levels of financial stress in adulthood compared to each lower level of education.

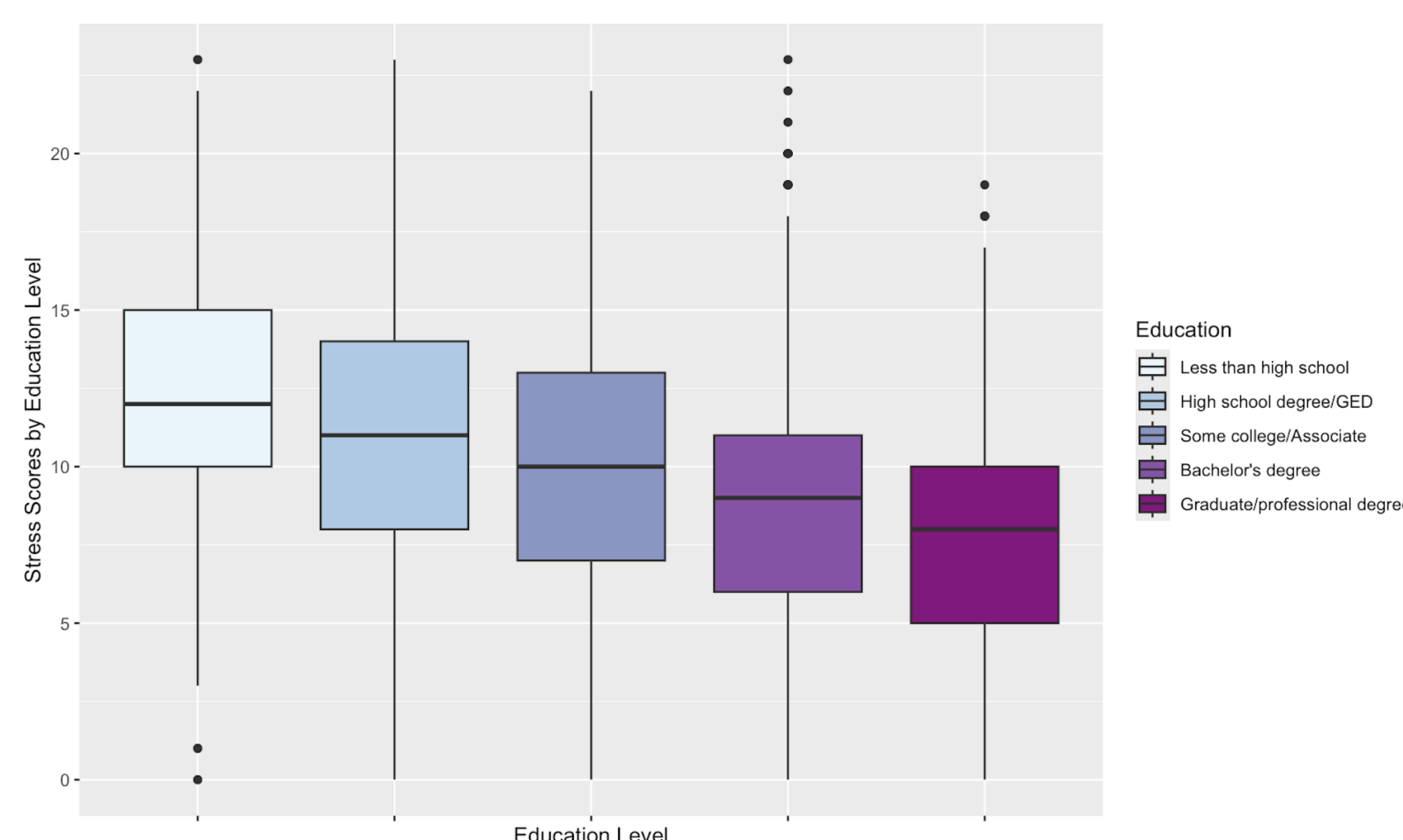


Figure 1. Mean Stress Score by Highest Degree Earned

Multivariate

- A multiple linear regression revealed that people with student loans have on average, a stress score that is 1.9991 points higher than those who do not have student loans.
- When compared to those with less than a high school degree, all other education levels (High School/GED, Some college/Associate, Bachelor's degree, and Graduate/professional) have on average, a significantly lower stress score than those with less than a high school degree.
- Additionally, as the level of education increases, the difference in stress level also increases. In other words, as education level increases, stress level decreases by an increasing amount.
- However, the presence of student loans doesn't confound the relationship between education level and financial score. The relationship between education level and financial stress score is still significant even after controlling for student loans.

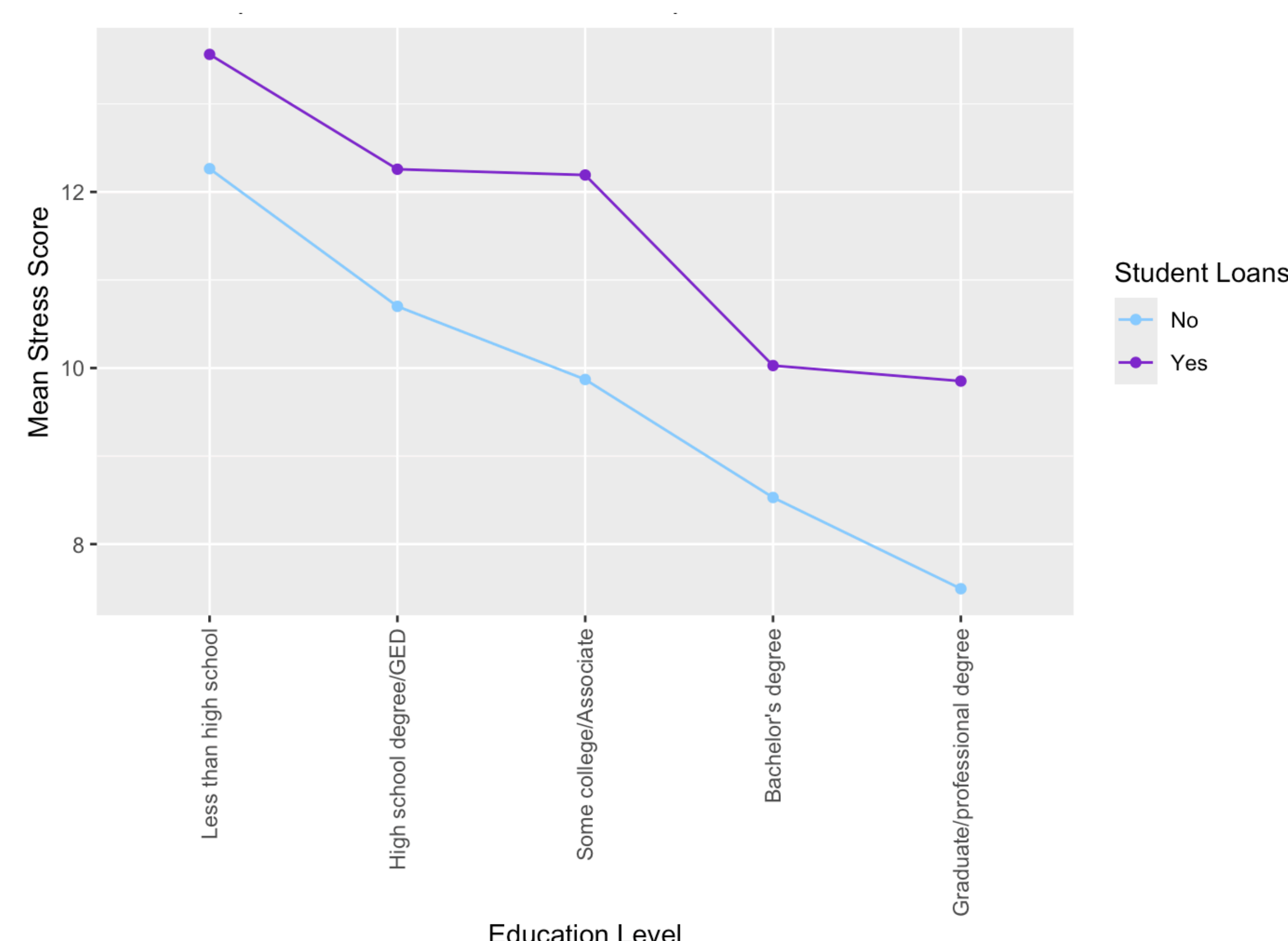


Figure 2: Relationship between Mean Stress Score and Highest Degree Earned Controlling for the Presence of Student Loans

Discussion

- Individuals with a lower level of education are significantly more likely to have higher levels of financial stress, even after controlling for the presence of student loans. Although higher education does impose a greater financial commitment, the choice to pursue higher education has a positive impact on feelings of financial security in adulthood.
- Additionally, individuals with student loans are significantly more likely to report higher financial stress across all levels of education. This highlights the psychological burden of student loans.
- The association between increased financial stress and student debt should alert policymakers to the need for reform in education funding, especially loan forgiveness programs for those in lower income brackets.
- Further research is needed to explore the possible confounding relationship of income in this dataset.

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