



The Association between Parental College Education Level and Financial Well-Being

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Introduction

- Parental education level is believed to be one of the most important factors contributing to **occupational and educational success** for an adolescent's future (Dubow et al., 2009)
- Different assessments of time periods, including data from **longitudinal studies** as well as **observational studies** may yield differing results throughout each generation examined (Chaudry, et al., 2016)
- Assessing job predictors, especially **parental education level**, will provide context into the **likelihood** an adult will be **unemployed** or **below the poverty level**
- To find and understand the correlation between financial success levels and the level of a parent's education, this study uses the **Financial Well-Being National Survey**

Research Questions

- Is there an association between financial well-being and if a parent is college educated?
- Do financial well-being scores for participants whose parents are college educated change throughout generations?
- Are men more likely to reflect better financial well-being scores than women for individuals whose parents are college educated?
- Will counties with higher poverty rates reflect worse financial well-being for its inhabitants?

Methods

Sample

- The sample of 5,395 (N=5395) participants taken from the **Financial Well-Being National Survey** was conducted in both English and Spanish via web mode between October 27, 2016, and December 5, 2016, and represents individuals from all 50 state.

Measures

- The highest level of education by the person or people who raised the respondent was measured out of six categories on the National Financial Well-Being Survey, coded -1 (refused), 1 (less than high school), through 5 (Graduate/PHD)
- Financial well-being scores were coded as a score from 0 to 100, and for chi-square analyses, were grouped from 1-4, representing differing levels of financial well-being based on 25% intervals of the sample
- Generation is coded as 1 (pre-boomer), 2 (boomer), 3 (Gen. X), and 4 (Millennial)
- Gender is coded as 0 (Male) and 1 (Female)
- If **less than 40%** of a county is below 200% of the poverty level, coded as 0 and if **more than 40%** of a county is below 200% of the poverty level, coded as 1

Results

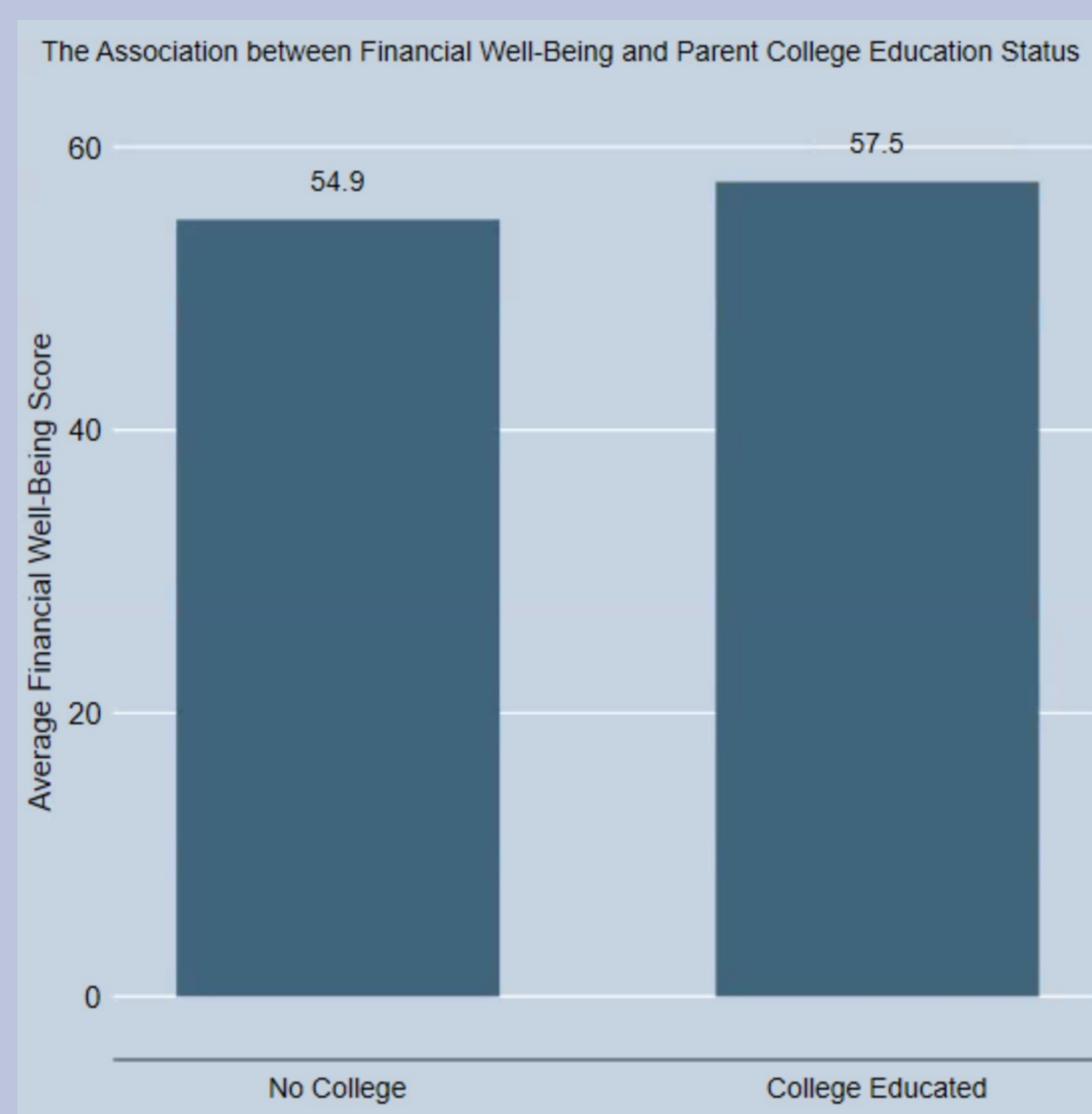
Univariate

- The distribution of financial well-being scores was relatively normal
- There were 866 **more** respondents whose parents **were college educated**
- There was a roughly **even** number of **male** and **female** respondents (52.42% male, 47.58% female)
- There was a larger percentage of "**boomers**" than any other generation represented in this sample
- 75.18% of counties represented were **less than 40%** below the poverty level
- Participants **without a pension: 65.36%**

Bivariate

- A **Chi-Square** test showed that a **parent being college educated** was significantly and positively associated with **an individual's financial well-being score** ($X^2 = 67.0448, P < .001$).
- A second **Chi-Square** test showed that **generation** of the respondent was significantly and positively associated with **an individual's financial well-being score** ($X^2 = 522.2331, P < .001$)

Figure 1. Financial Well-Being and Parent College Education



- Additionally, post-hoc tests further suggested that both **parent college education** and **generation** were each significantly associated with financial well-being ($p < .001$)

Figure 2. Association between Financial Well-Being and a parent's education level by Generation

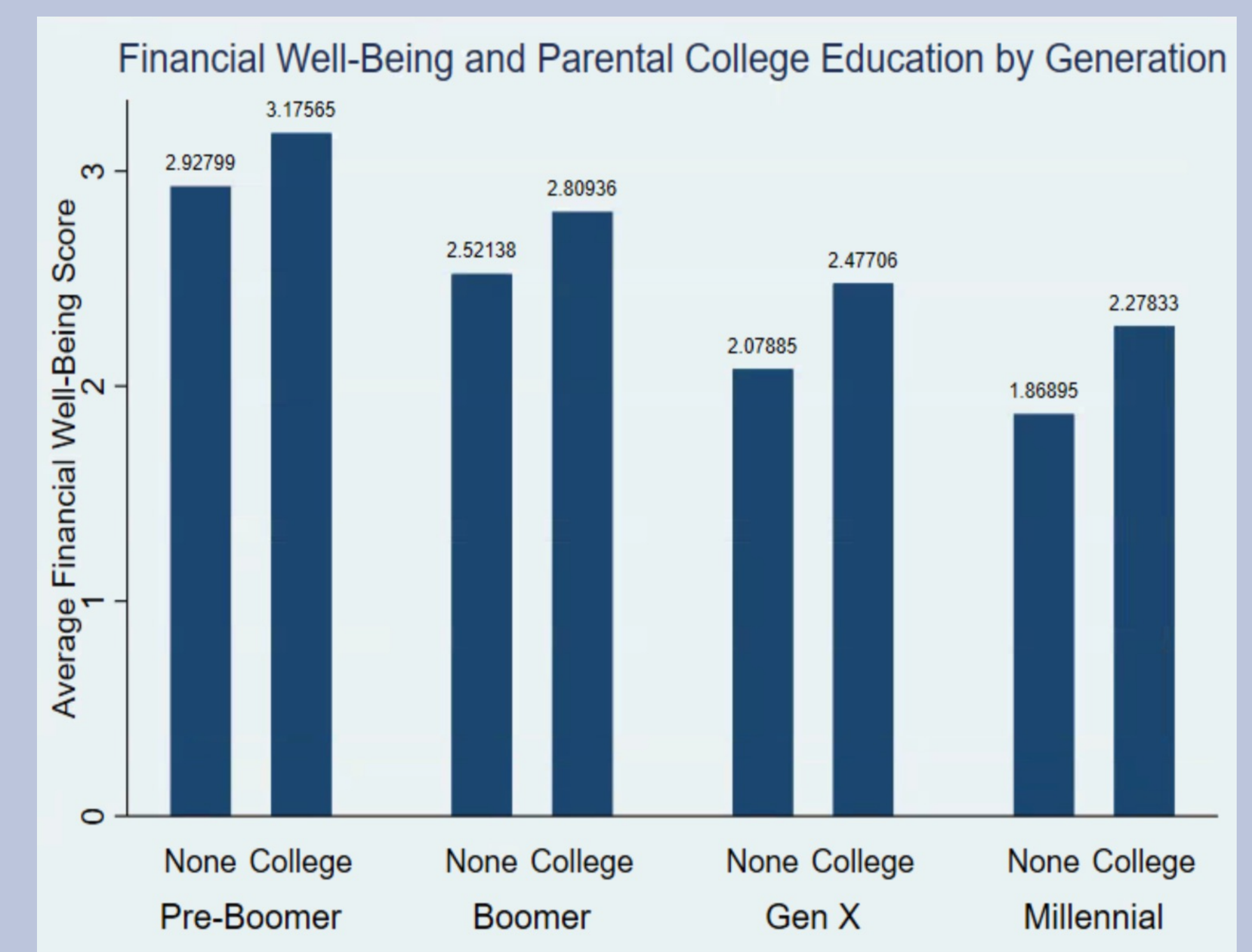
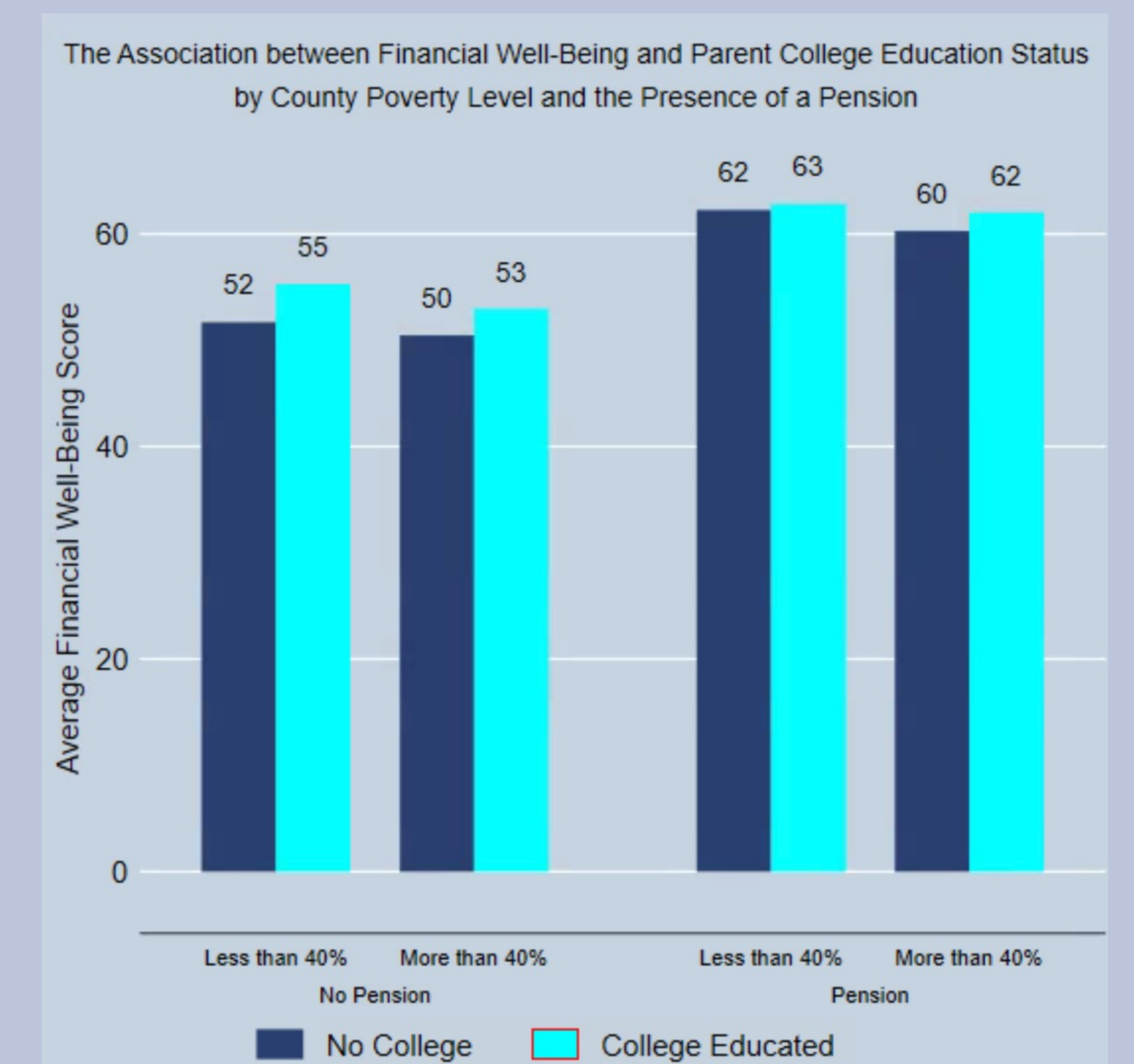


Figure 3. The Association between Financial Well-Being and Parent College Education by County Poverty Level and the Presence of a Pension



Multivariate

- A test of multivariate regression revealed:
 - a parent with a **college education** and the presence of a **pension** are each **positively associated** with financial well-being score
- A second test of multivariate regression revealed
 - **Generation** was significantly but **negatively** associated with financial well-being
 - **A county below 40% poverty** was significantly but **negatively** associated with financial well-being
 - "**Female**" was significantly but **negatively** associated with financial well-being
- Only "**Millennial**" and "**Pension**" reflect greater than an **eight-point** difference in FWB score

Discussion

- Financial Well-Being and the level of a parent's education are **significantly associated**, but **without a large difference** in **financial well-being scores**
 - Perhaps, an increase in the price of college has worsened financial well-being for students who are in debt
 - Those with a pension are more likely to have a steady job or nearing retirement, reflecting better financial scores
- This association between financial well-being and a parent's college education is **best** measured while accompanied by **generation** and **pension** status
- This information could be used to
 - **Incentivize** younger families to make smart financial decisions in terms of college
 - **Incentivize** businesses to provide an increased number of benefits, such as a **pension**
- Further research should address **field of study** and **job title** for both parents and children to determine the most beneficial course of action a family could take financially

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