The Association between Adolescent Financial Socialization and Financial Well-being

Samuel Cochrane Punter, Applied Data Analysis, Wesleyan University

Introduction

- ★ **Low Financial Literacy:** On the 2015 PISA financial literacy assessment, American 15-year-olds scored 487, statistically indistinguishable from the average of 489 (NCES, 2017).
- ★ **Financial Consequences:** Low financial capability contributes to rising household debt. U.S. households now hold over $18 trillion in total debt, including more than $1.2 trillion in credit card debt (MoneyLion, 2025; LendingTree, 2025).
- ★ **Role of Informal Financial Education:** Early exposure through parental discussions, observation, or youth financial tools also shapes financial literacy, though these experiences vary across households (Rudeloff, 2019).

Research Questions

- ★ Does early informal financial education (e.g., being provided a savings account) predict higher adult financial well-being?
- ★ Is the association between adolescent savings account ownership and adult financial well-being robust after adjusting for socioeconomic and demographic covariates?
- ★ Do these relationships differ by level of financial exposure

Methods

Sample

- ★ Data from the **National Financial Well-Being Survey** (CFPB). Sampled **7,865 U.S. adults** (18+), nationally representative
- ★ Oversamples **low-income** and **underrepresented** groups

Measures

- ★ **Financial Well-Being Score:** Assessed with the **10-item CFPB Financial Well-Being Scale (FWB score)**. Responses mapped 0–4 from low to high agreement, summed to a composite score (0–100)
- ★ **Informal Financial Education:** Based on questions measuring **financial socialization** (**FINSOC**). Represents exposure to early, home-based financial tools and experiences
- ★ **FINSOC Exposure:** Aggregation of the 7 FINSOC questions, representing how many measures of financial socialization an individual was exposed to.

Results

Bivariate

Savings Account:

- ★ **ANOVA** results revealed a **significant** effect of **adolescent savings account ownership** on **financial wellbeing scores** ($p<.001$), indicating that individuals who had a savings account in adolescence reported significantly higher financial wellbeing in adulthood.

FINSOC Exposure:

- ★ Simple linear regression analysis reveals that the relationship between FINSOC exposure and FWBscore is positive and significant ($\beta=1.092$, $p<.001$, $R^2=.172$)

Multivariate

- ★ **Multiple linear regression analysis**, controlling for parental education, generation, gender, marital status, household income, highest level of education, census region, MSA status, and all financial socialization metrics, indicated that savings account ownership remained significantly and positively associated with financial wellbeing in adulthood ($p = .05$, $R^2=.521$, $\beta = 0.70$)
- ★ **Variables of particular interest:** Controlling specifically for "highest level of education" and "Ethnicity" reduced the effect size (p value) of savings account ownership, possibly suggesting partial confounding.

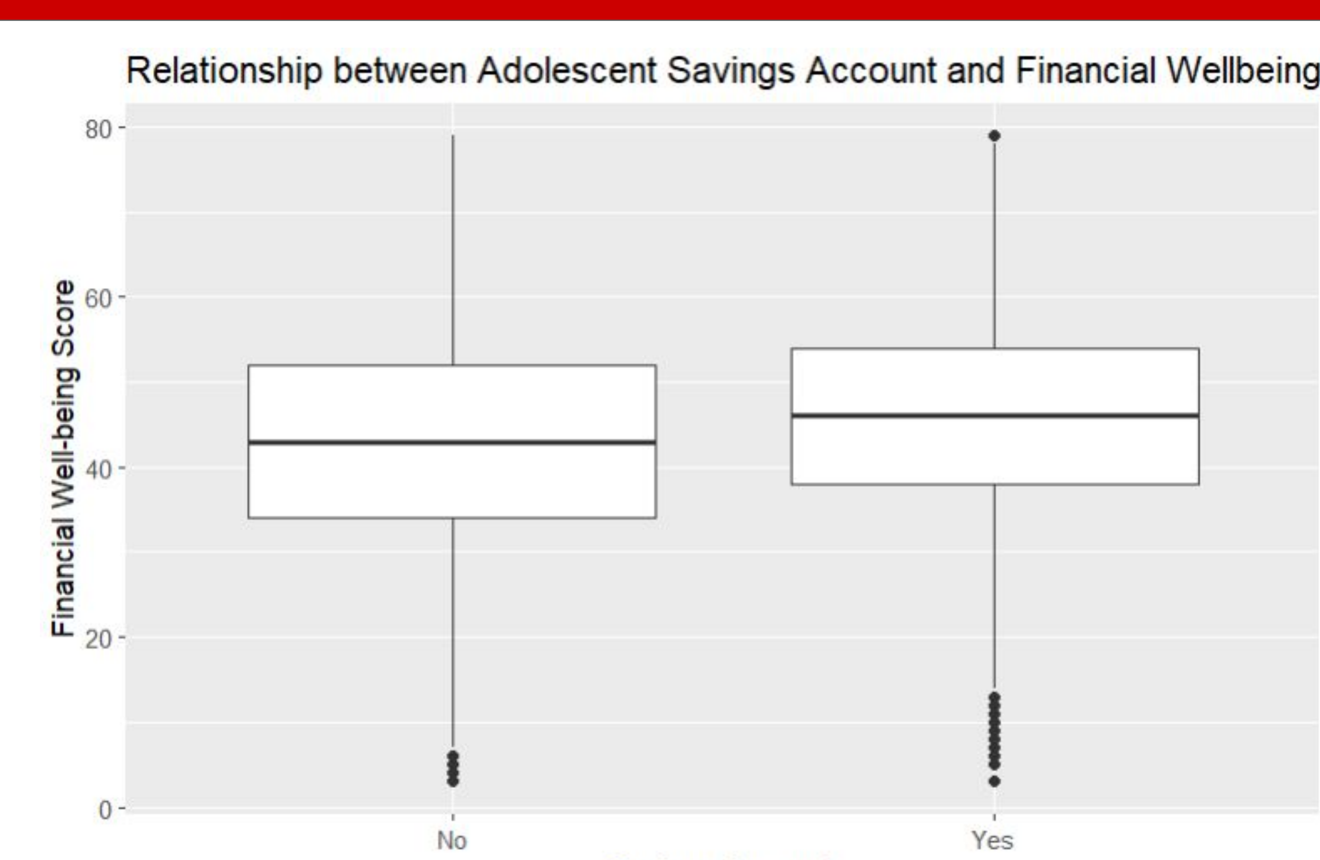

Figure 1: This graph shows the median, IQR, min, and max FWB score for individuals who were not provided with a savings account in adolescence. And individuals who were. The data shows a higher median of FWB score for individuals who were provided a savings account, as well as a smaller IQR.

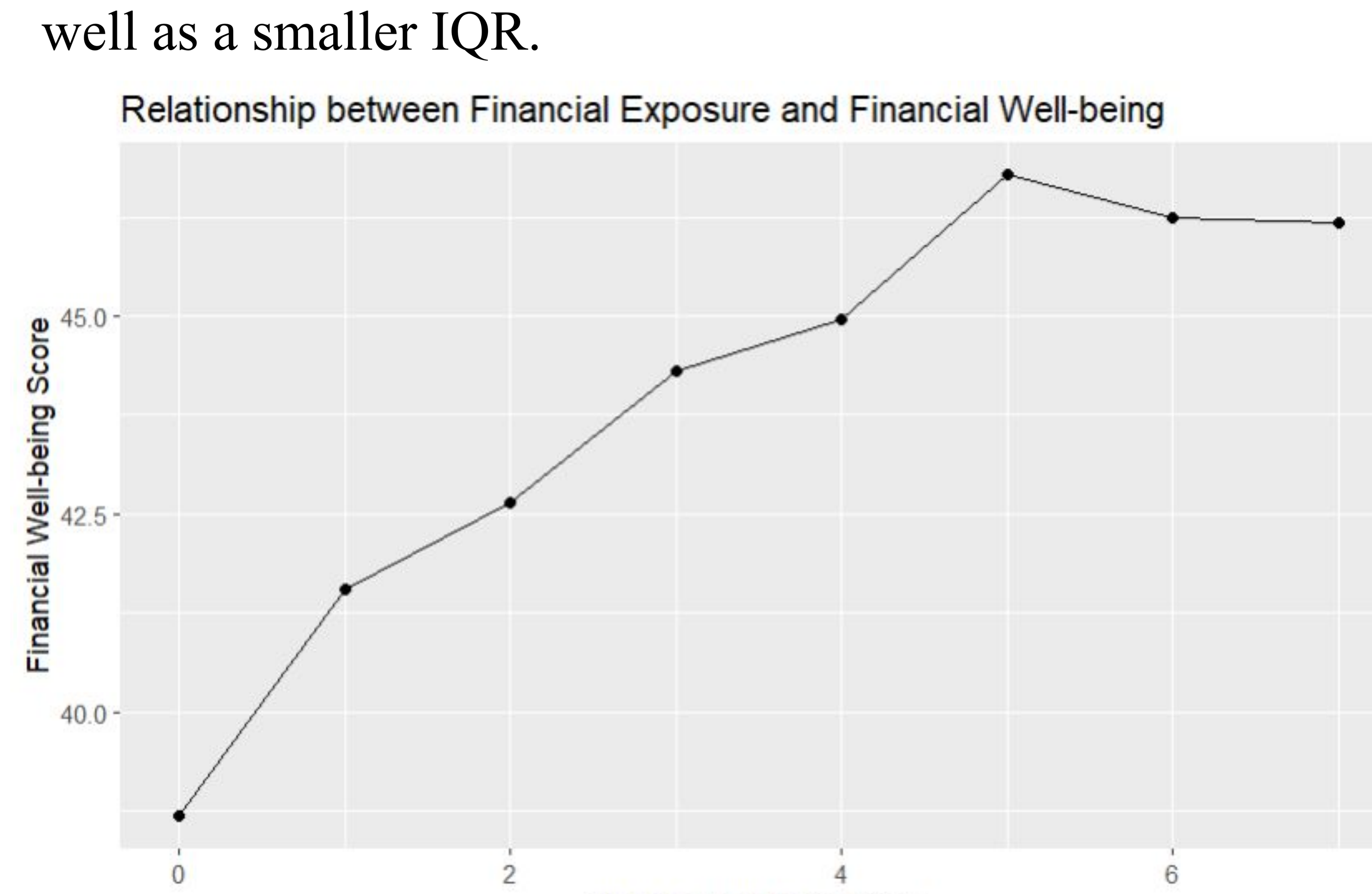

Figure 2: This graph shows the average FWB score of individuals at each level of financial socialization. It displays an upwards trend as methods of FINSOC increase. Peaking at 5, before leveling out

Discussion

Conclusions

- ★ Individuals provided with a savings account in adolescence demonstrated significantly higher financial wellbeing in adulthood.
- ★ The multivariate model explained over half of the variance in wellbeing
- ★ Savings account ownership remained significant even after controlling for socioeconomic and demographic covariates, underscoring its role as an independent predictor.
- ★ The benefits of financial socialization appear cumulative: the more methods of financial socialization, the greater their average financial wellbeing later in life.

Implications

- ★ Financial socialization, eg: youth savings accounts, may offer scalable, low-cost interventions to improve long-term financial outcomes.
- ★ Promoting early financial exposure could contribute to a more financially literate and resilient society.

References

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