Partner's finances impact well-being, even in young love: study

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For married couples, money is a common source of stress and conflict that can take a major toll on relationship quality.

But finances may begin to matter in romantic relationships long before wedding bells ring, according to new research led by the University of Arizona.

Researchers set out to see how financial socialization from three different sources affects life outcomes and well-being in young adults. The three sources they looked at were the young adults' parents, the young adults' romantic partner and the young adults themselves.

According to the findings, young adults' own financial behaviors, unsurprisingly, had the most impact on their well-being. In second place were the financial behaviors of their romantic partners, while financial expectations of parents—who undoubtedly have the earliest financial influence in children's life—seemed to have the least impact.

"Financial socialization means how do individuals—in this case, young adults—learn about finances? How do they learn how to save, how to budget, how to responsibly borrow, basically anything about finances," said Melissa Curran, lead author of the study, published in the *Journal of Family and Economic Issues*.

"The fact that young adults are perceiving that what their romantic partner does, financially, impacts them is really interesting, especially because most of them are not married and not cohabitating," said Curran, associate professor in the UA's John & Doris Norton School of Family and Consumer Sciences in the College of Agriculture and Life Sciences. "They're young in relationships, which really goes to say that even in these non-marital, non-cohabitating relationships, the person who you are with matters. Their finances matter for your relationship outcomes and well-being."

The researchers' findings are part of the ongoing APLUS Life Success research project, which began collecting data from first-year UA students in 2008 and continues to follow them into adulthood to explore how young adults achieve stability and happiness.

The new study is based on responses from the third wave of data collection from 504 participants, average age 24, who self-identified as being in a committed romantic relationship. Most of those young adults—61.5 percent—were unmarried and not living with their partners. Thirty percent were unmarried but cohabitating, and 18.5 percent were living together and married.

While a number of factors contribute to young adults' life outcomes and well-being, the APLUS researchers are especially interested in finances.

"In the United States, you do better when you do have some modicum of money," said Curran, who is research director for the Norton School's Take Charge America Institute. "You don't need millions and millions of dollars, but having no money is very stressful. Having access to money to do things like pay your bills and have a savings account for emergency borrowing purposes makes your life a lot easier."

Study participants were surveyed about their parents' financial expectations of them, asked to rate on a five-point scale how much they agreed with statements like: "My parents think I should track my monthly expenses," or, "My parents think that I should pay credit card balances in full each month."

Participants also rated how often they themselves engage in a number of different financial activities, such as paying bills on time, contributing to a retirement account or saving each month for the future. They also were asked how often they think their romantic partners engage in those behaviors.

In addition, participants responded to a series of questions designed to measure their life outcomes and well-being. The questions assessed participants' perceptions of their own physical health, overall well-being, life satisfaction, romantic relationship satisfaction and romantic relationship commitment, as well as their subjective and objective financial knowledge.

Subjective financial knowledge was measured through a question asking them to rate their understanding of personal finance and money management, while objective knowledge was measured through 15 true-or-false financial knowledge questions.

Researchers found that the individuals' own financial behaviors were associated with all outcomes measured, except relationship satisfaction and commitment. Individuals' perceptions of their romantic partners' financial behaviors were associated with their relationship satisfaction and commitment, as well as their overall well-being and life satisfaction.

Financial socialization from parents impacted only one outcome: young adults' performance on the objective financial knowledge questions.

Curran is quick to point out that this doesn't mean parents' efforts to educate their children about finances are unimportant. It just seems that, by age 24, young adults have transferred what they learned as children from their parents into their own behaviors, which are now having the greatest impact on their life outcomes.

"The good news for parents is we're seeing a transmission of information, where young adults are launching," Curran said. "Parents' influence is now borne out in the young adults. That's developmentally appropriate and good—it means parents did their financial job. We're not seeing financial overparenting. We're seeing young adults launching financially."

The fact that young adults' perceptions of romantic partners' financial habits seem to have such an impact on young adults was somewhat surprising to the researchers. Partners' emerging influence could be explained, in part, by the fact that young adults often are spending less time with their parents and more with their significant others, Curran said. This suggests that even young daters should consider their partner's financial behaviors, in the interest of their own happiness.

"Your perceptions of how your partner is spending, saving and responsibly borrowing has an impact," Curran said. "So, if you're a 24-year-old, choose your dating partner wisely."

More information: Melissa A. Curran et al, Young Adults' Life Outcomes and Well-Being: Perceived Financial Socialization from Parents, the Romantic Partner, and Young Adults' Own Financial Behaviors, *Journal of Family and Economic Issues* (2018). DOI: 10.1007/s10834-018-9572-9

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