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Does parental financial assistance assist young adults to be financially healthy? Effects of parent-child relationship qualities on financial outcomes and happiness

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Abstract

Many parents provide financial support for young adult children (Padilla-Walker, 2012). This financial support could help or hinder young adults' financial well-being. This current study investigates young adults' financial outcomes (e.g., financial responsibility, money management behavior and worry about money) as mediators of the associations between qualities of parent-child relationships (e.g., closeness with father, closeness with mother, spending time with father, and spending time with mother) and young adults' overall happiness. The role of parental financial support was tested as a moderator of all significant pathways.

Data from the Transition into Adulthood data set of the 2011 Panel Study of Income Dynamics (PSID 2011), a nationally representative US sample were analyzed for this study. The respondents included in the analysis ranged from 17 to 27 years of age (N = 1,907). Structural Equation Modeling (SEM) was used with M-plus software to test the model comparing young adults who received parental financial assistance to those who did not.

The results indicate that financial behaviors mediated the associations between the quality of young adults' relationships with their parents and overall happiness. In particular, less worry about money and close relationships with their fathers significantly affected young adults' overall happiness regardless of receiving financial support from their parents. In addition, the SEM model is significantly different depending on whether or not young adults receive financial support from their parents. Young adults' money management behaviors affected overall happiness only when they did not receive financial support from their parents. Young adults who had close relationships with their mothers showed less worry about money only when they did not receive parental financial assistance. Results from this study provide insight that the parents' financial assistance may not help young adults strive for financial well-being arising from their own financial behaviors.

Introduction

Financial issues are an important influence on young adults' subjective well being and happiness (Serido, Shim, Mishra, & Tang, 2010). In addition, most American young adults are not financially independent from their parents (Danziger & Ratner 2010). Although financial independence is an important developmental task for young adults, financial behaviors and financial stress from their financial activities are equally or more important because financial habits that are formed during early adulthood tend to persist throughout the lifespan (Serido et al., 2010). Financial habits may affect young adults' mental health by causing financial stress, financial dissatisfaction, and psychological distress (Serido et al., 2010; Shim, Barber, Card, Xiao, & Serido, 2010; Xiao, Tang, & Shim, 2008). Therefore, it is important to understand the factors that affect young adults' financial attitudes and behaviors.

Previous studies have investigated the influences of parental financial socialization on young adults including parents' SES, parental financial behaviors, parental direct teaching, parental modelling, and parental financial communication (Serido et al., 2011; Shim et al., 2010). In this study, we focused on qualities of relationships with parents as perceived by young adults as an important family process that affects young adults' financial attitudes and behaviors. Developmental studies have found that qualities of parent-child relationships crucially influence young adults' competence and success in accomplishing major developmental tasks (Fitzpatrick & Vangelisti, 1995). However, the influence of parent-child relationship qualities on the domain of financial well-being of young adults has received little research attention.

The purpose of the current study was to examine the effects of parent-child relationship qualities on young adults' money management behavior, financial responsibility and worry about money, and overall happiness. We accomplished this goal by testing a path analysis model using the Transition to Adult 2011, Panel Study of Income Dynamics (PSID, 2011). Additionally, we investigated the role of parental financial support as a moderator of associations among qualities of parent-young adult relationships, financial outcomes, and overall happiness. Literature on the qualities of parent-child relationships and financial socialization is reviewed in the following sections to provide a foundation for this study.

Parent-young Adult Relationships and Young Adult Development

According to the theory of emerging adulthood (Arnett, 2004), emerging adults (individuals age 18 to 25) of the 21st century have distinct characteristics including: 1) identity exploration, 2) instability, 3) focus on the self, 4) feeling in-between, and 5) countless possibilities. Although the child-parent relationship that was formed in early childhood is important (e.g., parent-child attachment), parenting does not stop when children become adults (Bowlby, 1969) and parent-child relationships are important throughout the lifespan. Family dynamics and children's interactions with parents are powerful influences on young adults' development especially during the time of the transition to adulthood (Bartle-Haring, Brucker, & Hock, 2002).

Qualities of parent-child relationships such as parental warmth, acceptance, and support are related to positive development of young adults. According to Darling and Steinberg (1993), parenting styles function as a context that moderates parenting practices and children's willingness to be socialized; therefore, parental warmth can enhance young adults' receptiveness to parental practices and socialization values. Warm relationships between parents and children motivate children to comply and cooperate with parents (Grusec & Goodnow, 2004; Laible, Thompson, & Froimson, 2007). Parental acceptance and support are positively associated with self-esteem of young adults (Buri, 1987) and high levels of interpersonal skills (Dalton, Frick-Horbury, & Kitzmann, 2006). Specific to financial socialization, parental warmth has been investigated as a predictor for children's financial activities (Kim, LaTaillade & Kim, 2011). Parental warmth was positively associated with children's saving for future schooling (Kim et al., 2011). In addition, the good parent-child relationship regarding financial topics (e.g., "since coming to college, I argue a lot with my parents about money matters (reversed)") is positively associated with budgeting and saving behaviors (Serido et al. 2010). Although parenting styles can be considered as characteristics of parents (Darling & Steinberg, 1993), parenting styles have also been described as relational constructs that reflect the relationship between dyads (Laible et al., 2007).

Financial Socialization Outcomes and Indicators

Financial knowledge is a primary factor that may positively affect responsible financial management behavior (Perry & Morris, 2005). Grable, Park and Joo (2009) reported that young adults' financial knowledge and income on young adults' financial management behavior and they found that financial knowledge was positively associated with responsible financial management behavior. Family of origin income is another important predictor of young adults' responsible financial behaviors. Hilgert, Hogarth and Beverly (2003) reported a strong positive association between resource availability and responsible financial behavior of young adults. Similarly, Perry and Morris (2005) reported that people with incomes over $35,000 exhibited better financial management behavior than those who had less income. However, Grable et al. (2009) reported that household income did not have a significant effect on responsible financial management.

Effects of Parental Financial Support

Research has examined the effects of parental financial socialization on young adults' developmental outcomes. Padilla-Walker, Nelson, and Carroll (2012) investigated types of parental financial assistance as predictors of young adults' identity, risky behaviors and working hours. Padilla-Walker et al. (2012) measured five areas in which parents could provide financial assistance (tuition, books, housing, daily expenses, and recreation), and divided the parents into four groups depending on the patterns financial assistance provision. The first group consisted of parents who provided a relatively high level of financial support only on tuition, books, and hosing, referred to as 'joint providers.' The second group consisted of parents who reported relatively low levels of financial assistance on all variables, and they were named 'minimal-providers.' The third group consisted of parents who reported relatively high support on daily expenses and recreation, including personal expenses not related to education, referred to as 'supplemental-providers.' Lastly, the group of parents who provided high levels of financial support on all five areas was named as 'sole- providers.' Even though there is evidence that the young adults who received financial support from parents during young adulthood more successfully establish themselves economically comparing who do not receive any financial support from their parents (Schoeni & Ross, 2005), Padilla-Walker et al. (2012) found that young adults whose parents were 'sole-providers' reported lower identity as an adult and higher levels of risky behaviors such as drinking and drug behaviors than children of 'minimal-providers.'

Worry about Money

Financial stress is an important source of distress in young adults' lives as most activities of daily living and many opportunities for their success are tightly related to the level of personal financial resources (Pearlin & Radabaugh, 1976). Therefore, financial stress may affect the level of overall life happiness as well. Young adults may experience economic distress, which in turn may cause other problems such as physical and mental illness (Vinokur, Price, & Caplan, 1996) or depression (Broman, Hamilton, & Hoffman, 1990). Financial strain is caused by the level of stress experienced by young adults including perceived financial inadequacy, financial concerns and worries, and adjustments to financial changes (Voydanoff, 1990). According to the theory of financial socialization, financial stress is also affected by parents' behaviors and qualities of relationships with parents. Some behaviors are modelled by parents and influence both attitudes and behaviors of their young adult children. For example, Hibbert, Beutler, and Martin (2004) found that young adults whose parents modelled financial prudence were more likely to avoid debt and less likely to misuse credit cards. While financial attitudes are known to affect financial behaviors, financial distress is a psychological process that is negatively associated with financial well- being, and both financial attitudes and distress are affected by a series of financial behaviors (Serido et al., 2010).

Financial Socialization and Overall Happiness

According to the student financial well-being model (Shim, Xiao, Barber, & Lyons, 2009), financial attitudes, behaviors and financial worries affect life success including overall life satisfaction, academic success, physical health, and psychological adjustment. Positive financial behaviors are associated with financial satisfaction (Xiao, Sorhaindo, & Garman, 2006), and in turn financial satisfaction is associated with overall life satisfaction (Headey, Veenhoven, & Wearing, 1991).

Parental Financial Socialization: A Theoretical Framework for this Study

The conceptual model that guides this study is a financial socialization theory. The concept of financial socialization refers to learning "values, attitudes, standards, norms, knowledge, and behaviors that contribute to the financial viability and well-being" (Danes, 1994, p.128). The theory of financial socialization includes the processes through which children and adolescents develop consumer skills and learn about the adult economic world directly or indirectly from diverse socialization agents (Riley et al., 1969). There has been an enormous amount of research on how children acquire knowledge about economic concepts such as values or money, and how children develop their own consumer attitudes and behaviors. Parents are the most important agents of financial socialization through daily routine observation, communication, and direct instruction (Jorgensen & Salva, 2010). Young adulthood is a critical period for building life-long financial attitudes and financial behaviors, and young adults develop values, attitudes, standards, norms, knowledge, and behaviors regarding financial practices through interactions with parents (Dane, 1994).

Gudmunson and Danes (2011) proposed a conceptual model that captures important factors for financial socialization and the associations among those factors. The conceptual model links family characteristics and interactions with young adult children's financial attitudes, knowledge, capabilities, and behaviors, which in turn links to financial subjective well-being (Fig. 1). Serido et al. (2010) found a positive relationship between financial behaviors and overall subjective well-being, which informed the framework for our current study (Fig. 2). Children are socialized within families on how to spend, how to manage money, and how to take responsibility for their spending. This financial socialization process can occur explicitly through direct teaching, or indirectly through observation (Gudmunson & Danes, 2011).

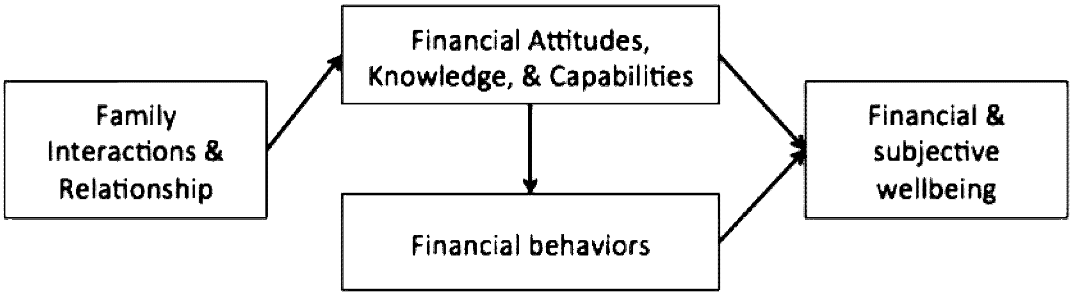

Figure 1 **Conceptual model of family financial socialization theory, and financial parenting and wellbeing (Gudmunson & Danes, 2011)**

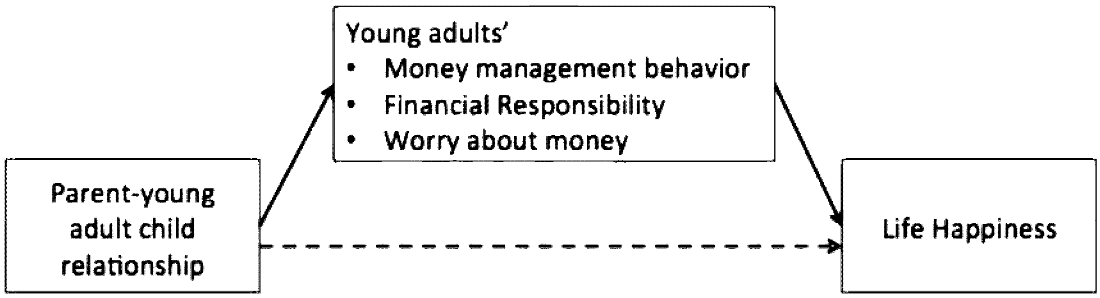

Figure 2 **Conceptual model of parent-child relationships, financial emotional and behavioral outcomes, and happiness of young adults**

In this study, young adults' financial assistance from their parents will be tested as a moderator of the association between the parent-child relationship and young adults' financial outcomes (e.g., worry about money, financial responsibility, and financial money management behavior). Parental socialization about financial issues has a positive effect on young adults children's financial coping behaviors such as budgeting and saving (Serido et al., 2010). Financial responsibility is an emotional duty felt by young adults about their own living, rent, and money management. In addition, because parents still largely influence many young adults' financial matters, this study will examine the effect of parents' financial support on associations between financial domains (e.g., financial attitudes, financial behaviors and financial worries) and overall life happiness.

Hypotheses

Based on the family financial socialization theory, we will examine the associations between quality of parent-child relationships and financial outcomes. We hypothesize that closeness with father and mother will predict responsible financial attitudes and behaviors. Financial attitudes, financial behaviors, and financial well-being measured by financial responsibility, money management, and worry about money respectively, will be tested as mediators of associations between quality of parent-child relationships and overall life happiness. The conceptual model guiding this study is presented in Figure 3 and specific hypotheses are as follows:

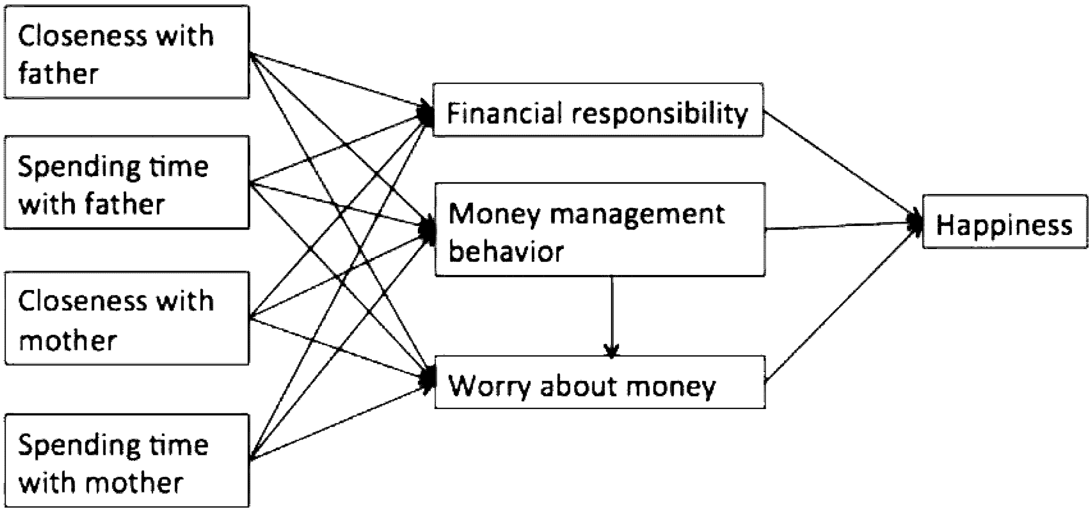

Figure 3 Conceptual model of this study.

- H1a Closeness with father is positively associated with financial responsibility.
- H1b Spending time with father is positively associated with financial responsibility. H1c Closeness with mother is positively associated with financial responsibility.
- H1d Spending time with mother is positively associated with financial responsibility.
- H2a Closeness with father is positively associated with money management behavior.
- H2b Spending time with father is positively associated with money management behavior. H2c Closeness with mother is positively associated with money management behavior.
- H2d Spending time with mother is positively associated with money management behavior.
- H3a Closeness with father is negatively associated with worry about money.
- H3b Spending time with father is negatively associated with worry about money. H3c Closeness with mother is negatively associated with worry about money.
- H3d Spending time with mother is negatively associated with worry about money. H3e Money management behavior is negatively associated with worry about money.

- H4a Financial responsibility is positively associated with happiness.
- H4b Money management behavior is positively associated with happiness. H4c Worry about money is negatively associated with happiness.
- H5 The association from H1 to H4 will be vary depending on whether young adults receive financial support from their parents.

Method

Data

This study used the Panel Study of Income Dynamics (PSID, 2011), and the Transition to Adult (TA, 2011) to examine the role of parents on young adult's financial behaviors. The PSID is a longitudinal study of a nationally representative sample in the US. Annual data have been collected from participants about their demographics, economic and financial behaviors.

Sample

Participants were 1,907 young adults aged 17-27 (mean: 22 year-old). The sample contained approximately equal percentage of women (51.6%) and men (48.4%). The ethnic composition of the student sample included: White (49.9%), African American (43.3%), Asian (1.6%), American Indian or Alaska Native (1.0%) and other race (3.7%). A majority of the participants (86.7%) were 'never married'; 10.5% were 'married'; the remaining participants were separated (1.6%) or divorced (1.0%). Descriptive statistics for the sample are presented in Table 1.

Measures

Qualities of relationships between parents and young adults.

Closeness with father and Closeness with mother were single-item measures that asked the young adults about their feelings on how close they feel to their father and mother, including biological parent/stepparent/adoptive parent/other parental figure. The response categories ranged from 1 (not close at all) to 7 (very close) ($M = 5.27$, $SD = 1.77$ for closeness with father; $M = 6.08$, $SD = 1.36$ for closeness with mother).

Spending time with father and Spending time with mother were measured by single items that asked "During the last 12 months, about how often did you do things with your father (biological father/ stepfather/ adoptive father/ other father figure)/ mother (biological mother/stepmother/adoptive mother/ other mother figure)?" The response categories ranged from 1 (Never) to 7 (Everyday) ($M = 3.20$, $SD = 1.42$ for spending time with father; $M = 3.89$, $SD = 1.44$ for spending time with mother).

Young adults' financial outcomes.

Money management behavior was assessed by one self-report item: "how good are you at managing money?" Young adults responded on a scale ranging from 1 (not at all well) to 7 (extremely well) ($M = 5.53$, $SD = 1.26$).

Worry about money was measured by one item: "how often do you worry about money?" The response categories are ranged from 1 (Never) to 7 (Daily) (M = 3.77, SD = 1.89). Financial Responsibility was constructed from the average of all non-missing responses to the following questions: 1) how much responsibility for earning own living; 2) how much responsibility for paying own rent; 3) how much responsibility for paying own bills; and 4) how much responsibility for managing own money. Response categories ranged from 1 (Somebody else does this for me all of the time) to 5 (I am completely responsible for this all of the time) (M = 4.09, SD = 1.07).

Subjective well-being.

Happiness was measured with a one-item question: "This question is about how you have been feeling in the last month. In the last month, how often did you feel happy?" The response categories ranged from 1 (Never) to 6 (Every day) (M = 4.99, SD = .98).

Parental financial support.

Parental financial support was coded as "1" if the respondents answered 'yes' for any of following questions, and "0" if the respondents answered 'no' for all of following questions: 1) during last year, did your parents or other relatives purchase a house or condominium for you?; 2) during last year, did your parents or other relatives pay rent or a mortgage on your behalf?; 3) during last year, did your parents or other relatives give you a personal vehicle, such as a car?; 4) during last year, did your

parents or other relatives pay for tuition?; 5) during last year, did your parents or other relatives cover expenses or bills?; 6) during last year, did your parents or other relatives give you a personal loan?; 7) during last year, did your parents or other relatives give you any other financial help?; and 8) during the last two years, have you received any large gifts of money or property or inheritances of money or property?

Analysis

SPSS 22.0 was used for preliminary analysis (descriptives, correlations). Mplus 7.11 (Muthe´n & Muthe´n, 2007) was used to test the conceptual model and to test the hypothesized associations via structural equation modelling (Anderson & Gerbing, 1988).

Results

Table 1 presents the means, standard deviations, and correlations among the study variables.

Overall happiness is positively associated with most variables such as money management and qualities of parental relationship variables, and negatively associated with worry about money. Worry about money is negatively associated with all variables except for financial responsibility. Closeness with father and spending time with father are positively correlated and closeness with mother and spending time with mother are also positively correlated.

Table 1 Correlation coefficients and descriptive statistics of main study variables (*n* = 1907)

	1	2	3	4	5	6	7	8
1. Overall happiness								
2. Financial responsibility	-.03							
3. Money management	.12**	.11**						
4. Worry about money	-.19**	-.04	-.25*					
5. Closeness with father	.10**	-.03	.02	-.09**				
6. Spending time with father	.12**	-.14**	.03	-.09**	.71**			
7. Closeness with mother	.12**	-.04	.10**	-.10**	.17**	.08*		
8. Spending time with mother	.12**	-.17**	.11**	-.07*	.07*	.30**	.55**	
Mean	4.99	4.09	5.53	3.77	5.27	3.20	6.08	3.89
Standard deviation	.98	1.07	1.26	1.89	1.77	1.42	1.36	1.44

* $p < .01$, ** $p < .001$

Table 2 presents the means and standard deviations of the main variables in the study for two groups: those who receive financial support from their parents and those who do not receive financial support from their parents. Young adults who did not receive financial support

were significantly older, on average (1.57 years), than those who did receive financial support from their parents. It appears that young adults who did not receive financial support were of an age when they likely had graduated from college. The young adults who did receive financial support from their parents reported more time spent with both mother and father. Those who received financial support also reported less financial responsibility, better money management behaviors, and more worry about money than the young adults who did not receive financial support from their parents.

Table 2 Means and standard deviation for financial support group and no financial support group

Construct	**Financial Support**		**No financial Support**		**t-test**	
N=1907	Mean	SD	Mean	SD	t	p-value
Age (years)	21.24	2.66	22.81	2.64	-12.87	.000
Closeness with father	5.35	1.70	5.18	1.87	1.86	.062
Closeness with mother	6.12	1.27	6.03	1.45	1.49	.137
Spend time with father	3.32	1.40	3.05	1.45	3.96	.000
Spend time with mother	3.95	1.42	3.81	1.47	2.13	.033
Financial responsibility	3.80	1.11	4.43	.90	-13.71	.000
Worry about money	3.85	1.87	3.68	1.91	1.93	.054
Money management behaviors	5.43	1.22	5.65	1.28	-3.90	.000
Happiness	4.98	.96	5.00	1.01	-.25	.807
Gender	Female	51.6%	Male	48.4%		

Hypotheses were tested with the conceptual model, and based on modification indices, model was revised by adding a direct path from closeness with father and spending time with father to overall happiness, which showed strong positive associations. The model fit of the original and final models are presented in Table 3.

Table 3 Model fit for Measurement

Models	Chi-square	df	RMSEA	CFI	SRMR
Conceptual model	64.163	12	.072	.845	.033
Final model	24.228	8	.049	.952	.017

Note. Ideal threshold for model indices are RMSEA < 0.060, CFI > 0.950, and SRMR < 0.080 (Hu & Bentler, 1999).

Results of the final model are presented in Table 4 and significant paths are depicted in Figure 4.

Hypotheses 1a and 1b, that closeness with father and spending time with father would be positively associated with financial responsibility was not supported for the financial support group or the no financial support group. Hypothesis 1c was partly supported, with a positive association between closeness with mother and financial responsibility only for those who received financial support from parents. Hypothesis 1d, that spending time with mother and financial responsibility was not supported for either group, rather spending time with mother was inversely associated with financial responsibility for both groups.

Hypothesis 2a was supported, with a positive association between closeness with father and money management behaviors for both the financial support group and no financial support group. However, the association between spending time with father and money management was not significant (Hypothesis 2b). There were no significant associations between closeness with mother and financial responsibility (Hypothesis 2c), but there was a positive association between spending time with mother and money management only for the no financial support group (Hypothesis 2d).

Closeness with father was not associated with worry about money (Hypothesis 3a), but closeness with father was inversely associated with money management for the financial support group only, partially supporting Hypothesis 3b. Similarly, closeness with mother was inversely associated with worry about money for the financial support group only (Hypothesis 3c). The hypothesized negative association between spending time with mother and worry about money was not supported; however, spending time with mother was positively associated with worry about money for the no support group at a marginal level of significance ($p = .06$), partially supporting Hypothesis 3d. Money management behaviors and worry about money were inversely correlated for both groups (Hypothesis 3e).

Contrary to Hypothesis 4a, financial responsibility and overall happiness were only significantly associated for the no support group, and in the association was inverse, rather than positive. Money management and overall happiness were positively associated only for the no support group (Hypothesis 4b). Worry about money was inversely associated with overall happiness for both groups (Hypothesis 4c).

Hypothesis 5 was partly supported. Some associations that were hypothesized from H1a to H4c were significantly different between groups. For hypothesis 1d, spending time with mother was negatively associated with financial responsibility for both groups, but the negative association was stronger for the financial support group. In other words, young adults who receive financial support from parents reported less financial responsibility than those who do not receive financial support from parents. Closeness with mother was negatively associated with worry about money for the financial support group only (Hypothesis 3c). Spending time with mother was positively associated with worry about money for the no financial support group only (Hypothesis 3d). Money management behavior was negatively associated with worry about money for both groups, but the association was stronger for the no financial support group (Hypothesis 3e). Worry about money was negatively associated with overall happiness for both groups but the association was stronger for the no financial support group (Hypothesis 4c).

Additional path 1. Positive association between closeness with father and overall happiness was supported for both financial support group and no financial support group.

Additional path 2. Positive association between spending time with father and financial responsibility was supported for the financial support group only.

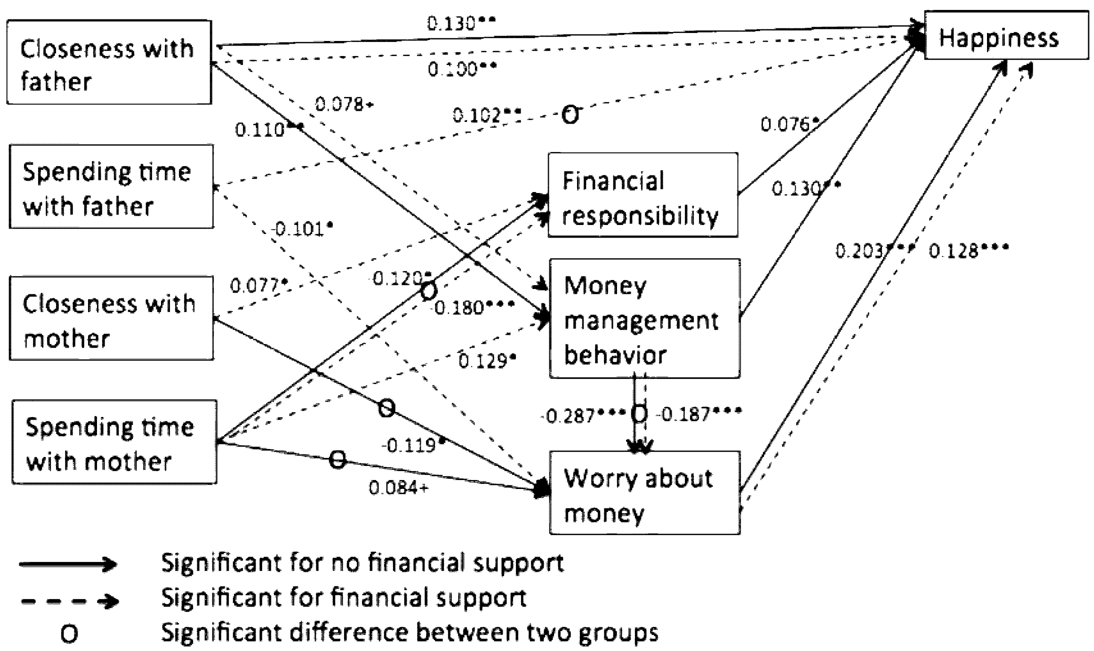

Figure 4 **Results of the final model with the significant paths.**

Notes

Model fit statistics: chi square = 24.228, df = 12, p-value = .002, CFI = 0.952, RMSEA = .049, SRMR = .017

+ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 4 Hypotheses and results summary

	Financial support			No financial support			Group Difference	
	Beta	(p-value)	R*	Beta	(p-value)	R*	p-value	R*
H1a Closeness with father is positively associated with financial responsibility.	0.035	(*p* = .404)	1	0.03	(*p* = .534)	1	0.768	1
H1b Spending time with father is positively associated with financial responsibility.	-0.053	(*p* = .241)	1	0.02	(*p* = .691)	1	0.239	1
H1c Closeness with mother is positively associated with financial responsibility.	0.077	(*p* = .041)	4	0.008	(*p* = .857)	1	0.118	1
H1d Spending time with mother is positively associated with financial responsibility.	-0.18	(*p* = .000)	2	-0.12	(*p* = .011)	2	0.07	3
H2a Closeness with father is positively associated with money management behaviors.	0.078	(*p* = .065)	3	0.11	(*p* = .019)	4	0.668	1
H2b Spending time with father is positively associated with money management behaviors.	-0.041	(*p* = .373)	1	0.011	(*p* = .823)	1	0.438	1
H2c Closeness with mother is positively associated with money management behaviors.	0.039	(*p* =.300)	1	0.07	(*p* = .116)	1	0.712	1
H2d Spending time with mother is positively associated with money management behaviors.	0.129	(*p* = .002)	4	0.052	(*p* = .267)	1	0.221	1
H3a Closeness with father is negatively associated with worry about money.	-0.022	(*p* = .591)	1	-0.072	(*p* = .111)	1	0.461	1
H3b Spending time with father is negatively associated with worry about money.	-0.101	(*p* = .025)	4	-0.038	(*p* = .418)	1	0.3	1
H3c Closeness with mother is negatively associated with worry about money.	-0.007	(*p* = .846)	1	-0.119	(*p* = .005)	4	0.081	3
H3d Spending time with mother is negatively associated with worry about money.	-0.023	(*p* = .580)	1	0.084	(*p* =.062)	2	0.084	3
H3e Money management behaviors are negatively associated with worry about money.	-0.187	(*p* = .000)	4	-0.287	(*p* =. 000)	4	0.06	3
H4a Financial responsibility is positively associated with overall happiness.	-0.025	(*p* = .444)	1	-0.076	(*p* = .030)	2	0.156	1
H4b Money management behaviors are positively associated with overall happiness.	0.039	(*p* = .231)	1	0.092	(*p* = .013)	4	0.28	1
H4c Worry about money is negatively associated with overall happiness.	-0.128	(*p* = .000)	4	-0.203	(*p* = .000)	4	0.096	4
Added path 1 Closeness with father is positively associated with overall happiness.	0.1	(*p* = .008)	4	0.13	(*p* = .002)	4	0.651	1
Added path 2 Spending time with father is positively associated with financial responsibility.	0.102	(*p* = .007)	4	-0.03	(*p* = .478)	1	0.02	4

Notes
R* = results
1 Not supported
2 Not supported but significant in opposite direction
3 Marginally supported
4 Supported

Discussion

There has been growing awareness about parents' roles in shaping young adults' healthy financial attitudes and behaviors. Previously, financial socialization researchers have focused on the effect of parental financial socialization on young adults' financial activities such as financial knowledge, attitudes, and behaviors (Serido et al., 2011; Shim et al., 2010). Some studies have focused on the role of general family process such as parental warmth on financial practices (Kim et al., 2011). In this study, we investigated the effect of qualities of relationship with father and mother separately on the financial behaviors (e.g., financial responsibility, and money management behaviors), financial well-being (e.g., worry about money) and overall happiness of young adults. We also examined how the associations between variables differ according to whether they receive financial support from their parents.

Results indicate that qualities of relationship with father played an important role in enhancing overall happiness of young adults both directly and indirectly through money management behaviour as a mediator. The positive association between closeness with father and young adults' money management is consistent with the finding of Kim et al. (2011) that parental warmth is associated with saving behaviors of adolescents. However, it is different in that closeness with father, but not with mother was significantly associated with financial behaviors. In addition, qualities of relationship with mother were associated with financial responsibility and worry about money. However, close relationship with mother was positively associated with higher financial responsibility (financial support group) and negatively associated with worry about money (no financial support group), while spending time with mother was negatively associated with financial responsibility (both groups) and positively associated with worry about money (no financial support group). This inverse association between closeness with mother and worry about money is consistent with previous research (Serido et al., 2010). However, worry about money had a negative association with having a close relationship with mother but not with father, which differs from the results reported by Serido et al. (2010).

In addition, we found that financial responsibility and money management behaviour are associated with overall happiness only for the group who did not receive financial support from their parents. In other words, young adults who do not receive financial support from parents feel overall happiness when they have less financial responsibility and when they have better money management behaviors, while financial responsibility and money management behaviors were not associated with overall happiness for the young adults who receive financial support from their parents. According to Padilla-Walker et al. (2012), undergraduate students who did not receive financial assistance from their parents were more likely to identify themselves as adults than those who received multiple financial types of assistance from their parents.

Although this study had an advantage of using representative national data, there are some limitations that need to be considered. First, this sample included college students and non-students, and the financial situations of the participants who attend college and who do not may be different. For example, many young adults may rely on their parents for financial support during the transition to adulthood, but the types of financial support that are helpful for those who attend college may differ from the types of financial support that are helpful for those who do not attend college. Lastly, we did not include parental income as a control variable, because a chi-square test of difference indicated that there was no significant difference between the group with parental financial support and the group without financial support. Future research would benefit from using multiple indicators of family financial status such as mother's education, father's education, family income, family net worth or family economic stress as predictors of young adults' financial attitudes, financial behaviors, financial well-being, and overall happiness. This is particularly important because family resources may constrain financial behaviors.

This research offers two important unique findings. First, young adults' healthy financial attitudes, financial behaviors, and financial well-being emerge not only from parental financial socialization practices, but also from general qualities of relationships between parents and young adult children. Second, young adults' financial activities affect their overall subjective well-being, not only their financial well-being. Examining these associations simultaneously within one model revealed that young adults' financial behaviors mediate associations between the parent-child relationship qualities and overall happiness. Therefore, financial counsellors and educators should know that financial education and financial socialization help to enhance young adults' subjective well-being ultimately, and qualities of relationships with parents play important role. We believe that parents should be educated about the importance of relationship quality with their children, and it is possible to influence young adults' healthy financial activities. Parents also need to understand that their choice to provide financial support can help their children feel more confidence from their own financial achievement.

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