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Assets as a Resource Variable in the Stress Management of Low-income Families

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The hard times resulting from the 2008 recession represent an opportunity to re-examine the theoretical framework for how families use economic resources to adjust and adapt to stress. Sherraden's (1991) theory of assets and McCubbin and Patterson's (1983) Family Adjustment and Adaptation Response (FAAR) model are used to demonstrate how assets relate to family stressors and demands among a sample of 839 low-income families. The negative relationship between assets and financial stressors and financial strain suggest that the expansion of social welfare policies promoting assets among low-income families may positively influence family relations. Future research on family relations would benefit from measuring assets as economic resources and testing how assets affect family investments.

Key words: assets, family, finances, low-income, strain, stress

The most recent economic recession has introduced stress to families at an enormous magnitude and scope. These hard times represent an opportunity to re-examine theoretical frameworks of how families use economic resources to adjust and adapt to stress. Within the field of applied family studies and the disciplines that intervene at the family level (e.g., counseling, psychology, social work, and sociology), economic resources are recognized to play an important role in the family functioning. Most often in research the economic resources are operationalized as income or socio-economic status. More importantly for low-income families, eligibility for social welfare programs is based on family-size-adjusted income guidelines.

The income-focused understanding of economic resources has been criticized for various reasons. In the late 1980s to early 1990s, a group of scholars began to articulate the importance of asset holding as a resource for capacity building. Sherraden (1991) introduced a theory of social welfare based on the effects of holding assets and proposed universal and lifelong savings accounts for every American. This theory of social welfare hinges on the idea that assets provide benefits to individuals, families, and communities that are independent from income.

While most families have been adversely affected in one way or another by the recession, those with low incomes are subject to heightened strain under these circumstances. Low-income families are especially vulnerable during these times because small fluctuations in income create large problems within the family, and low-income families have less access to financial and other supportive services (Barr & Blank, 2009).

The purpose of this paper is to advance the understanding of family finance issues and family relations by examining how asset ownership affects how families respond to economic hardship. In this paper we make one argument: assets function as an important resource in the prevention and mitigation of family stress. The paper begins with an outline of the asset-based theory of social welfare (Sherraden, 1991) and its key concepts. McCubbin and Patterson's (1983) Family Adjustment and Adaptation Response (FAAR) model is then reviewed and key theoretical linkages between asset holding and family adjustment are outlined. A longitudinal dataset from a study of low-income

households who participated in an Individual Development Account (IDA) program in Tulsa, OK is used to test the relationship between assets, family economic stress and financial strain. Implications for future research and practice are summarized in the conclusion.

Sherraden's asset-based theory of social welfare

Assets are defined as stocks of resources that are tangible or intangible. This study focuses on tangible assets which may consist of financial and non-financial assets. Financial assets refer to liquid resources held in savings and passbook accounts, checking accounts, and stocks. Non-financial assets include traditional forms of capital such as land, buildings (including homes), and tools. Less liquid than financial assets, non-financial assets as discussed in this paper refer to homes, businesses, and vehicles.

Assets are proposed to have numerous benefits to individual, household, and social welfare. Sherraden (1991) has posited that ownership of assets leads to at least nine positive effects, including (1) household stability, (2) an orientation towards the future, (3) development of other assets, (4) focus and specialization, (5) risk taking, (6) personal efficacy, (7) social influence, (8) political participation, and (9) the welfare of future generations. Importantly, the outcomes of asset holding are hypothesized to be independent of income. "While income feeds people's stomachs," Sherraden (1991) explained, "assets change their heads" (p. 6). Income is vital for maintenance; assets, on the contrary, are essential for development. Any benefits of asset holding are likely to occur because assets are more permanent in nature than income. Sociologists Oliver and Shapiro (1995), Shapiro (2004), and Beth Johnson (2006) have extended the assets framework to highlight how assets perpetuate economic inequality via racial and class stratification.

The Family Adjustment and Adaptation Response (FAAR) model

The stress process and its impact on the family unit has long been the focus of study in the applied social sciences (Antonovsky, 1998; Conger & Donnellan, 2007; Conger, Conger, Matthews, & Elder, 1999; Conger, Rueter, & Elder, 1999; Hill, 1958 as cited in Patterson, 2002). One theoretical model, the Family Adjustment and Adaptation Response (FAAR) model proposes that families engage in processes to balance family demands with family capabilities all the while being influenced by family meanings to produce family-level adjustment or adaptation (McCubbin & Patterson, 1983; Patterson, 1988, 2002). The three primary concepts in the FAAR model include demands, meanings, and capabilities (Patterson, 1988, 2002). Demands are the stressors, strains, and daily hassles that disrupt normal family equilibrium. Families are different in the ways that they construe or make meaning from these demands that were introduced to the system externally or generated from within the system. Capabilities are comprised of various resources and existing coping behaviors. The FAAR model posits that family functioning is at optimal performance when there is equilibrium or balance between demands and capabilities.

A stressor is defined as a "demand placed on the family that produces, or has the potential to produce changes in the family system" (McCubbin, Thompson, & McCubbin, 2001, p. 17). Family stress occurs when the ratio of demands to capabilities becomes imbalanced. On a daily basis, families balance demands with existing capabilities to establish stability. But, stressors are inevitably introduced to the system and a crisis occurs when there is a period of sustained stress where there are too few resources to meet demands (H. I. McCubbin, et al., 2001).

Faced with different types of stressors, families engage in at least two dynamic processes to cope with an introduced stressor. The first process, adjustment, involves stable behaviors to balance the day-to-day demands using their existing resources. The adjustment phase of the FAAR model is a series of interacting components that determine whether established patterns of family functioning will be maintained (bonadjustment), or the opposite, whether a crisis requires changes in patterns of functioning (McCubbin, et al., 2001).

When the demands exceed the resources of the family unit, then a crisis emerges. The second process, adaptation, involves restoring balance between demands and resources following the crisis. A family's adaptation is the "outcome of family efforts to bring a new level of balance, harmony, and functioning to a family crisis situation" (McCubbin, et al., 2001, p. 26). Successful adaptation is characterized by the family's continued ability to promote the development of family members and ability for members to accomplish life tasks (McCubbin & Patterson, 1983). Family adaptation produces new patterns of functioning that include rules and boundaries; routines, relationships, and roles; coalitions; communication; and transactions and interactions with the community (H. I. McCubbin, et al., 2001).

Linking assets to family stress

Based on Sherraden's theory and the FAAR model, we assume that families with certain levels of assets are likely to adjust and adapt to stress better than families with similar income but no assets. What follows is our attempt to explain this process.

Economic resources are required for families to adjust and adapt to stress. Assets are an especially important economic resource. According to Sherraden (1991) asset holding positively influences household stability. Sherraden's theory reasoned that asset holding would cushion shocks to the regular flow of income and earnings. "When assets are present," Sherraden (1991) explained, "the family is less likely to fall into chaos, and more likely to maintain social and economic equilibrium until sufficient income can be reestablished" (p. 149). Various beneficial qualities of asset holding have been observed by others (Bynner & Despotidou, 2001; Caputo, 2003; Green & White, 1997; Yadama & Sherraden, 1996).

Despite the positive relationship between assets and family outcomes, most family research to date overemphasizes income as the source of economic well-being or does not adequately measure assets (Mistry, Lowe, Benner, & Chien, 2008; Orthner, Jones-Sanpei, & Williamson, 2004). For example, Werner and Smith's (2001) seminal Kauai study focused on chronic poverty as measured by household income as the indicator of economic resources. However, household income has limited utility as an economic resource variable in the FAAR model. Consider that a resource is defined by McCubbin, et al. (2001) as "a potential the family can call upon or can create to meet the demands it faces in a crisis situation" (p. 32). Income, however, does not meet this criterion because it is a commodity that flows every month directly into a bank account or, more often among low-income families, as cash often from a cash-checking service. In fact, by definition, it is impossible to draw upon income during the time of a crisis. Surplus income, however, accumulates over time and converts to financial assets. It follows, then, that assets are a more specifically defined variable to operationalize household economic resources.

Assets are important within the context of the FAAR model for other reasons. First, assets are hypothesized to positively influence the cognitions and behaviors of family members in ways that income cannot (Sherraden, 1991). The theory suggests that assets affect psychology because the management of asset resources involves choice. For example, the owner of $10,000 in assets has a number of options for how to best allocate the resources to benefit him/her and family. These individual and sometimes collective decisions about whether to save, spend, invest, or pay off debt affect the psyche. The investor will gain knowledge through research of profitable investments; the spender will gain immediate gratification after his/her purchase; the one who pays down debt will be less worried, and so on.

Closely related to choices that assets bring is the function of control. Asset holders, compared to those without assets, exercise a command over their economic resources (Sherraden, 1991). Managing existing resources leads to a development of a sense of financial and economic mastery. The management of the resources promotes beneficial cognitive, interpersonal, and behavioral capabilities. With heightened capabilities sets that include choice and control, individuals become free to develop and lead lives that matter to them (Sen, 1999).

Prolonged and systematic future planning of individuals and the family unit as a whole is another hypothesized psychological consequence of asset holding (Sherraden, 1991; Shobe & Page-Adams, 2001). With a resource stock of assets, family members become able to imagine, develop, and plan for future activities that will nurture the family and its coherence. Without assets, future prospects and expectations for change are restricted. Any investment in the family will have to be financed by credit or other means.

Another beneficial feature of asset holding is that the effects are transmitted intra-family. It is parents who earn income, but the value of income transforms when income becomes assets and is subsequently shared by all members of the family. Income by parents translates into financial or non-financial (e.g., home, car, etc.) assets that can be used for others in the household, e.g., children or other family members.

Conceptual framework

The general functions of assets in the family relations processes were outlined above. For the purpose of this paper we proceed to specify how assets are hypothesized to affect both ends of the FAAR model (i.e., resources and demands).

Family resources. Assets affect families by influencing investment in adults, children, and the family as a whole. Assets promote investment in activities that promote individual and collective family functioning (e.g., practicing family norms and rituals, leisure and recreation, etc). These investments help families achieve healthy adjustment and adaptation in the context of stress. Together and over time, these investments form and enhance capabilities that are needed to manage disruptions for family harmony. The enhanced capabilities help families adjust to daily stressors and adapt to sustained stresses (crises). This proposition is acknowledged in our conceptual framework, but is not tested in this paper.

Family demands. Assets are likely to also influence family demands in at least two ways. Instead of direct investments, assets reduce the demands on the family directly. Families with assets perceive

less economic strain compared to families without assets. Secondly, asset holding indirectly affects demands by reducing the negative financial events that introduce stress to the system (see figure 1). This two-way influence is consistent with what Ensel and Lin (1991) refer to as a stress-suppressing model. Evidence has supported this proposition by showing that asset ownership reduced the likelihood of divorce, although this association was mediated by marital satisfaction and feelings of structural commitment (Dew, 2009). Mistry, et al. (2008) used path analysis to demonstrate that financial management strategies[1] were "the most consistent and strongest" predictors of economic pressure in the forms of needs and wants (p. 206). Assets were directly related (negatively) to a latent measure of economic pressure in a nationally representative study of married couples (Dew, 2007). Others focus on how the lack of financial assets is related to psychological stress and compromised parenting during times of economic hardship, and these effects are more pronounced among black men compared to white men (McLoyd, 1990).

Figure 1. Assets as a Stress-Suppressing Variable
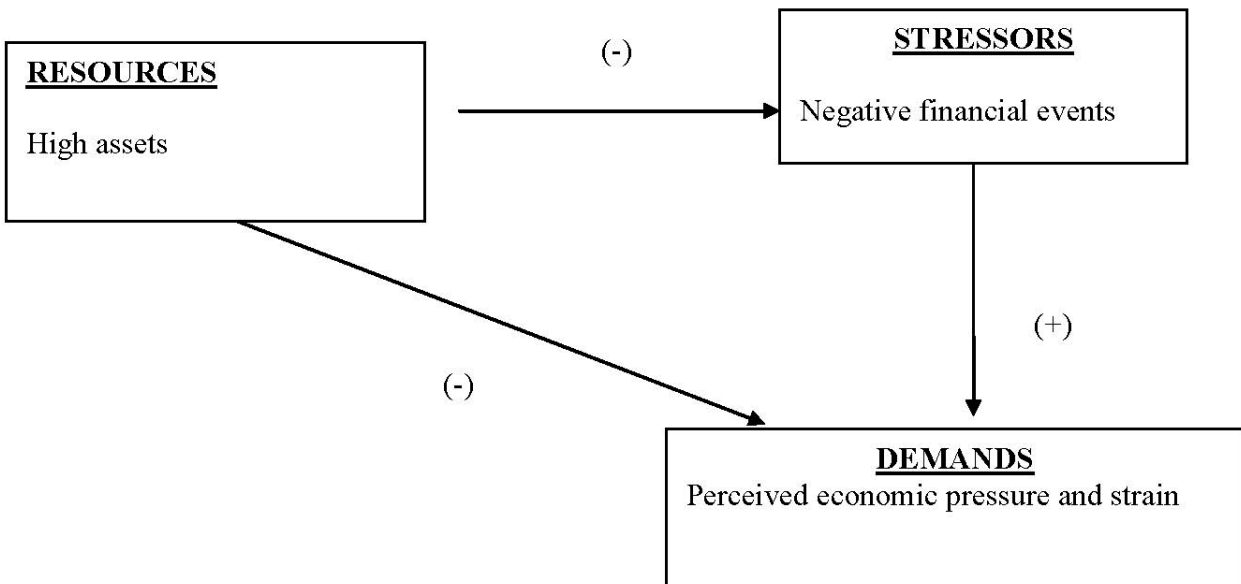
Method

In this study we use a dataset collected to evaluate an Individual Development Account (IDA) program in Tulsa, OK. The IDA program provided incentives for low-income households to save for developmental goals (e.g., home buying, post-secondary education, and small business). The dataset includes variables to test the relationships between resources (assets), stressors (negative financial events), and demands (financial strain) among low-income families. There are numerous possibilities for how assets may affect family demands and stressors. Because of space limitations, the empirical analysis focuses exclusively on the demands side of the FAAR model and how assets affect stressors and demands (see Figure 1).

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[1] A proxy variable of asset ownership and financial practices that included (a) checking or savings ownership, (b) received loan, (c) emergency money aside, (d) credit card ownership, (e) monthly budget on a scale from 0 to 5.

Data and sample

The Tulsa IDA program included 1,103 eligible participants who responded to general announcements for the program; that is, participants were self-selected. The participants' family income was below 150% of the federal poverty line. Household income for a family of four at 150% of the poverty line in 1999 was $22,050 (*Prior HHS Poverty Guidelines*, 2008).

Detailed information was collected from each participant at baseline and at two subsequent points in time. We utilize data from interviews collected at baseline in 1999 (Wave 1) and forty-eight month after program entry in 2003 (Wave 3). The surveys collected socioeconomic demographics as well as data on income, assets, and program characteristics related to saving behaviors. Study attrition reduced sample size in this study from 1,103 to 839 (76 % of the total sample) at Wave 3.

Measures

Separate variables for financial assets, real assets, and liabilities were created based on previous research that showed assets and debts influence family and psychological outcomes differently (Dew, 2007). Financial assets are a composite variable that includes the self-reported values of checking and savings accounts, stocks, investments, and retirement plans. Real assets include the reported vehicle values, home values, and business values. Total liabilities are a composite variable that includes the self-reported values of household bills, outstanding credit card debt, student loans, personal loans, vehicle loans, home mortgages, and medical bills. The measures of financial assets, real assets, and liabilities at Waves 1 and 3 were averaged to cancel out the large fluctuations of the values of assets and liabilities. The raw assets and liability values were divided by 10,000 to facilitate interpretation of regression coefficients.

Two indicators of stressful economic events include employment loss and the income-to-needs ratio. Employment loss was dummy-coded for individuals who lost a job at Wave 3 (1 = employment loss; 0 = reference). All participants at Wave 1 were employed because employment was an eligibility requirement of the Tulsa IDA program. The income-to-needs ratio, the second indicator of stressful economic events, is the ratio of household income divided by the family size adjusted poverty guidelines. The ratio is used to measure proximity to poverty. A family with income-to-needs ratio below 1 is living in poverty; a ratio above 1 is not in poverty. The federal poverty guidelines for an average family of four were $16,700 at Wave 1 and $18,400 at Wave 3 (*Prior HHS Poverty Guidelines*, 2008).

As an indicator of demands on the family unit we use a composite score of nine items originally designed to measure household financial affordability. The respondent was asked to appraise their current economic situation and determine whether the family has enough money to afford a home, furniture, car, food, medical care, clothing, money for leisure, paying bills, and to save at the end of the month. The strength of these nine questions is that they involved a psychological assessment of the economic stress felt by the family. Each item was answered dichotomously (yes/no) and a summary score produced that ranged from 0 to 9. Higher scores of financial affordability suggest fewer demands on the family. As such, items were reverse scored to generate a measure of financial strain for this analysis, whereby a low score on the measure indicates low strain or demands on the family. A high score indicates low financial affordability and high strain or demands. The measures have acceptable reliability at both Wave 1 (Cronbach's α = .75) and Wave 3 (Cronbach's α = .83).

Analysis plan

The direct relationship between resource variables (assets and liabilities) and stressful economic events was first tested with logistic regression for the dichotomous variable (employment loss) and linear regression for the continuous variable (income-to-needs ratio). Next, the direct relationship between resource variables and financial strain was tested with linear regression. A hierarchical regression strategy was employed to test whether stressful economic events mediate the relationship between assets and financial strain based on the method outlined by Baron and Kenny (1986). If the influence of resources on financial strain (demands) is mediated by stressors, then we would expect that the significant association between assets and financial strain would disappear after controlling for stressors.

The following hypotheses are tested in the analyses.

Hypothesis 1: Assets are negatively related to job loss that occurred between Wave 1 and Wave 3 (stressful economic event).

Hypothesis 2: Assets are positively related to the income-to-needs ratio at Wave 3 (decrease in the income-to-needs ratio indicates a stressful economic event).

Hypothesis 3: Assets are negatively related to financial strain at Wave 3 (family demands).

Hypothesis 4: The influence of assets on financial strain is mediated by the two indicators of stressful economic events (job loss and income-to-needs ratio).

Results

The sample consists of persons who are mostly female (80%) and non-married (74%). Ethnicity was roughly evenly distributed between Whites (47%) and African American (41%). The variable "Other ethnicity" included Hispanic, Asian, and Other. Full details of the sample are reported in Table 1.

Table 1. Sample characteristics		
	Wave 1 N = 839	Wave 3 N = 839
	M (SD)	*M (SD)*
Male†	168 (20)	
Race/ethnicity†		
(White)	394 (47)	
African American	344 (41)	
Other	73 (9)	
Married (not married) †	219 (26)	
Number adults	.50 (.69)	
Number children	1.68 (1.31)	
Education†		
HS degree or less	262 (31)	
Some college	480 (57)	
Bachelors degree or more	96 (11)	
Income-to-needs ratio	1.25 (.69)	1.76 (1.67)
Unemployed†	11 (1)	190 (23)
Strain sum score	5.07 (2.45)	5.57 (2.74)
Financial assets	2118 (5199)	5870 (21678)
Real assets	15447 (26576)	41258 (61842)
Liabilities	14799 (19832)	35838 (46471)
Note: † = frequencies and percentages in parentheses.		

Assets and stressful economic events

The first model (Model 1) examined employment loss between Wave 1 and Wave 3 with binary logistic regression estimated by maximum likelihood and was significant ($\chi2 = 57.47$, df = 12, $p < .01$). As expected, average financial assets (wald $\chi2 = 3.73$, $p = .05$) and average real assets (wald $\chi2 = 9.58$, $p < .01$) were negatively related to employment loss, with Odds Ratios of .64 and .87, respectively. Number of children was also negatively related to job loss. Total liabilities were not related to employment loss.

Next, the relationship between average assets and liabilities and the income-to-needs ratio at Wave 3 was tested with OLS regression (see Model 2 in Table 2). The overall model was significant $F (12, 825) = 8.41$, $p < .01$. Real assets were the only explanatory resource variable to be significantly and positively related to the income-to-needs ratio ($t = 2.30$, $p = .02$) at Wave 3, controlling for covariates. Financial assets and total liabilities were not related to the income-to-needs ratio. Other demographic variables were related to income-to-needs ratios in the expected directions: male (positive), number of adults and children (negative), education (positive), and income-to-needs at Wave 1 (positive).

Table 2. Results predicting economic hardship at Wave 3

| Variable | Model 1 Employment loss | | Model 2 Income-to-needs ratio |
	Estimate (*SE*)	*OR*	Estimate (*SE*)
Intercept	-0.12(0.30)		-1.16(0.18)
Male	-0.1(0.25)	0.91	0.29(0.15)*
A.A.	-0.22(0.19)	0.81	-0.08(0.12)
Ethnicity - other	0.03(0.31)	1.03	-0.06(0.20)
Married	-0.34(0.26)	0.71	-0.05(0.16)
No. adults	0.02(0.14)	1.02	0.04(0.09)
No. children	-0.18(0.08)**	0.84	-0.15(0.05)***
Some college	-0.16(0.19)	0.85	0.24(0.12)
Bachelors degree or more	-0.66(0.37)*	0.52	0.62(0.20)***
Income-to-needs	0.05(0.15)	1.05	0.30(0.09)***
Financial assets†	-0.45(0.23)*	0.64	0.05(0.05)
Real assets†	-0.14(0.05)***	0.87	0.04(0.02)**
Liabilities †	-0.01(0.05)	0.99	0.03(0.03)
Max-rescaled R-square	0.10		
Chi-square	57.46***		
Adj R-square			0.10
F			8.41***
N	839		838

Note: † = averaged across Wave 1 –Wave 3.

*$p < .10$; **$p < .05$; ***$p < .01$.

Assets and family demands

The final set of models testing the relationship between economic resources and family demands at Wave 3 as measured by the composite scale of financial strain are presented in Table 3. In Model 3 using OLS regression, we show that financial assets ($t = -3.55$, $p < .01$) and real assets ($t = -5.14$, $p < .01$) were both negatively related to financial strain at Wave 3 after controlling for covariates and financial strain score at Wave 1.

Table 3. Results predicting financial strain at Wave 3

Variable	Model 3 Estimate (*SE*)	Model 4 Estimate (*SE*)
Intercept	2.91(0.35)***	2.83(0.35)***
Male	-0.09(0.23)	0.01(0.23)
A.A.	-0.02(0.19)	-0.01(0.18)
Ethnicity - other	0.16(0.31)	0.13(0.29)
Married	0.01(0.24)	0.05(0.23)
No. adults	0.03(0.13)	0.04(0.13)
No. children	0.04(0.07)	0.04(0.07)
Some college	0.10(0.19)	0.19(0.18)
Bachelors degree or more	-0.46(0.30)	-0.20(0.29)
Income-to-needs W1	-0.09(0.13)	-0.01(0.13)
Strain sum W1	0.40(0.04)***	0.38(0.03)***
Financial assets†	-0.27(0.07)***	-0.24(0.07)***
Real assets†	-0.15(0.03)***	-0.12(0.03)***
Liabilities †	0.04(0.04)	0.06(0.04)
Income-to-needs ratio W3		-0.25(0.05)***
Employment loss		1.19(0.20)***
R - square	0.24	0.3
F value	19.91***	23.57***
N	839	838
Change in R - square		.06***

Note: † = averaged across Wave 1 –Wave 3.
*p < .10; **p < .05; ***p < .01.

The potential mediating function of economic stressors was tested in Model 4 by adding the two variables (employment loss between Wave 1 and Wave 3 and income-to-needs ratio at Wave 3) as a block to the previous model (Model 3). Results are presented in Table 3. Financial assets (t = -3.34, p < .01) and real assets (t = -4.42, p < .01) remain negatively associated with financial strain. The beta coefficients suggest that a $10,000 increase in average financial assets resulted in a .27 decrease in the financial strain score at Wave 3, and a $10,000 increase in average real assets resulted in a .15 reduction in the financial strain score at Wave 3. The income-to-needs ratio (t = -4.95, p < .01) and employment loss (t = 5.96, p < .01) were also significantly related to financial strain at Wave 3 in the expected directions. While the additional two variables represented a significant increase in the R-square value (.06), there was insufficient evidence to support the hypothesis that stressor variables mediate the relationship between assets and family demands because the coefficients for asset variables were not significantly reduced (see criteria by Baron & Kenny, 1986). Figure 2 shows the full model separating real assets and financial assets. Total liabilities were omitted because there were

not statistically significant. Standardized beta coefficients are provided for linear regression models; Odds Ratios are shown for the logistic regression results.

Figure 2.
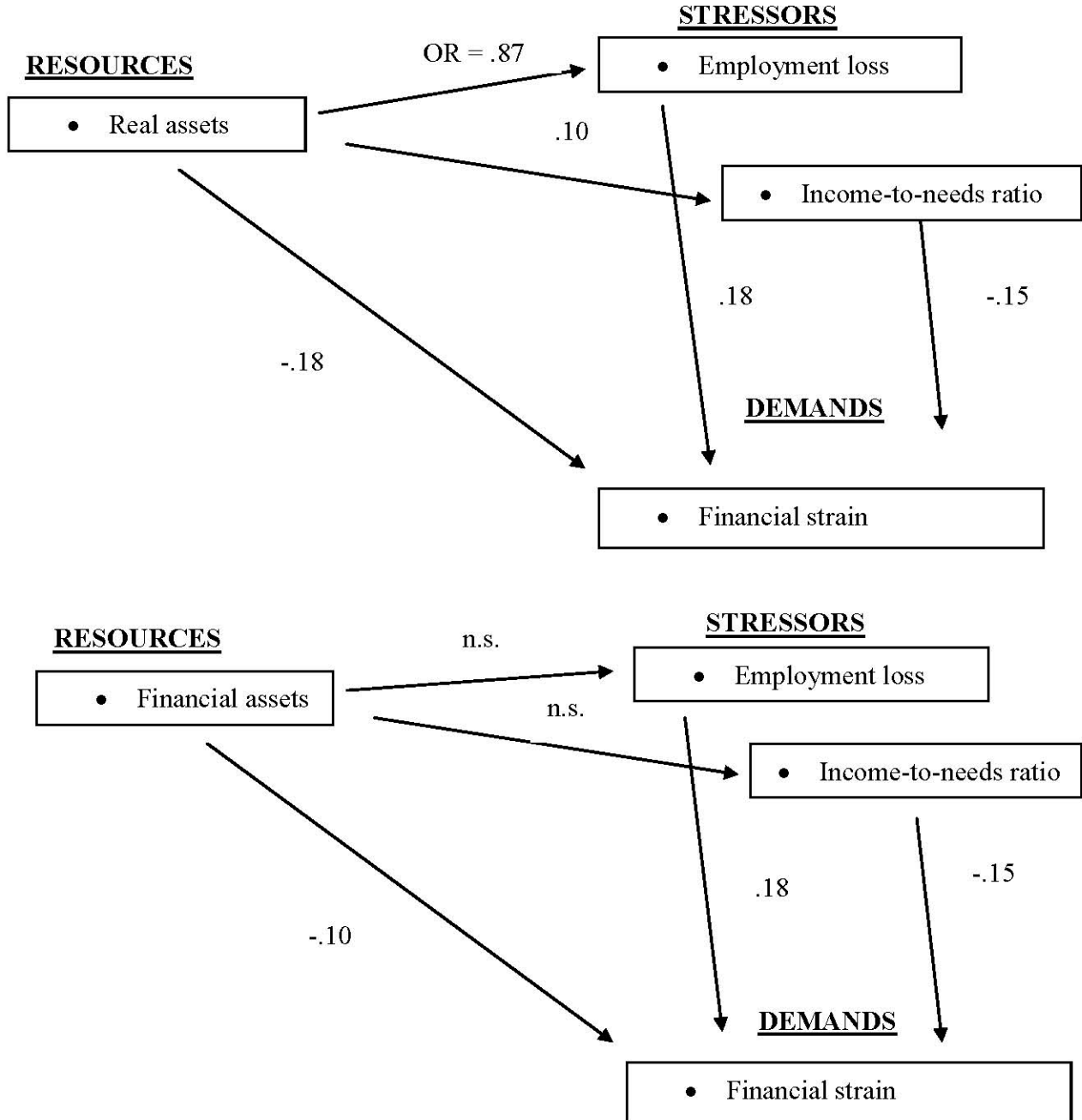
Note: Standardized beta coefficients in full model; $p < .05$ for all coefficients

Discussion

This study shows that asset ownership is negatively related to economically stressful events (employment loss and the income-to-needs ratio), confirming hypotheses 1 and 2. Additionally, assets are negatively related to family demands as measured by our proxy for financial strain, confirming hypothesis 3. We found that real assets are more important than financial assets in their relationship to economic events and financial strain. Total liabilities are not significantly associated with economically stressful events or financial strain, which contraindicates previous research (Dew, 2007). From these findings we posit that holding assets helps low-income families to adjust to economic stressors not unlike the stresses currently being experienced during the 2008 economic recession.

The hypothesis 4 that economically stressful events mediate the relationship between assets and financial strain was rejected. However, this outcome is not particularly theoretically meaningful. The inability for events to mediate the influence of assets on demands does not alter the argument made in this paper: assets directly and indirectly affect family demands. We are more concerned with the influence of assets on family stress and on family demands, largely because of the growing policy thrust to promote asset accumulation among low-income families (Sherraden, 2008).

While this study and others point to the importance of assets, they are not the panacea to promote family resiliency and are not even the most influential variables in the stress process. Some have cautioned against overemphasizing protective factors such as assets and concluded that *risk* may be a more influential variable in the development of behavior problems (Pollard, et al., 1999).

Limitations

Several limitations of this study are noteworthy. First, the sample self-selected into the IDA program and was not nationally representative. Second, the crude measures of economically stressful events and family demands were developed post-hoc. Third, many factors that are known to affect family stress, adjustment, and adaptation are not included in this study. For example, we have not examined how community resources and institutions influence assets, family stress, and financial strain.

Research and practical implications

Based on the findings presented, several implications for future asset-based research are outlined. First, studies of asset-based programs would be stronger if they measured information at the family level. A starting point would be to examine how asset ownership and asset policies affect family functions. Patterson (2002) identified four important family functions as (a) membership and family formation; (b) economic support; (c) nurturance, education, and socialization; and (d) protection of vulnerable members. Furthermore, research is needed to examine the extent to which assets are related to family cohesion, warmth, affection, emotional support, sense of togetherness, practice of family rituals and traditions, and collective efficacy, all factors that are associated with family resilience (Chadiha, 1992; Crosnoe, Mistry, & Elder, 2002; McCubbin, Thompson, & McCubbin, 1996; McCubbin & McCubbin, 1988; Mistry, et al., 2008).

Second, while at least one study of protective factors in the resiliency process highlighted a need for research to consider assets (Mistry, et al., 2008), we suspect that family studies currently being

conducted are neglecting to measure assets. Future studies should include more specific measures of economic resources such as assets and include these variables in their analyses. This is particularly important for programs that intervene at the family level.

Exactly how asset-holding mechanisms function is not well understood (Sherraden, et al., 2005). At least four dimensions of asset holding should be carefully examined in future work on assets and family well-being. The first dimension is *asset type*. There are many different types of assets. To date, the field of asset ownership has not consistently specified the type of assets that matter for certain outcomes. Some studies focus on home ownership (Case & Marynchenko, 2002; DiPasquale & Glaeser, 1999; Green & White, 1997); others on net worth or assets to debts ratio (Shanks, 2007; Zhan, 2006); and yet others on the savings balances and ratios (Bynner & Despotidou, 2001; Yadama & Sherraden, 1996). The second dimension is *adequacy*. Again, research has not adequately specified the quantity of assets that will matter for certain outcomes. Future research needs to address the question: How much of a given asset is adequate to produce a given outcome? The third issue is about the *developmental history* of the owned assets. We speculate that the effects of assets earned and saved may produce different effects compared to assets that were not earned (e.g., inheritances, bequests, and gifts at critical stages in the family life cycle such as weddings and home purchase). Last is intended *asset function*. How the asset is intended to be used by the family will determine how the assets influence the family. For example, home equity is a passive form of asset ownership whereas the balance of financial assets is more liquid. People will access, withdraw, deposit, and transfer financial assets to meet their needs. It is the asset use that is likely correlated with the outcome variables.

Last, future research ought to consider alternative mechanisms by which assets influence family stress. Specifically, studies should explicitly test how assets relate to investments in the family which are expected to lead to heightened family capabilities (see above Conceptual Framework). More studies are needed to clarify whether assets function directly on family demands or have indirect buffering mechanisms as suggested by previous studies of economic resources and marital relations (Conger, et al., 1993; Conger, Ge, & Lorenz, 1994).

Conclusion

The global recession of 2008 has introduced enormous financial hardship to families across the income distribution. Understanding the relationship between family financial resources and family relations is critically important to design interventions and policies to reduce the negative impact of these stressors.

This paper demonstrates that asset ownership as an economic resource plays a vital role in management of economic stress for low-income families. Importantly, we emphasize that asset holding functions independently from the functions of income and liabilities. We show with empirical evidence that low-income families who own assets will have reduced demands on the family system and reduced likelihood of encountering future negative financial events. It follows that these reduced demands will likely lead to more healthy adjustment and adaptation to the economic hardship that many low-income families are currently experiencing.

Asset-based policies have shown promise in promoting savings and asset development among the poor (Sherraden, 2008). However, the expansion of policies to promote assets among low-income

individuals and families has outpaced the knowledge base about their impacts, especially at the family-level. Research on the relationship between assets and family stress will advance both fields; family researchers will have more specific models of the influence of economic resources on family dynamics, and asset researchers will have a more holistic understanding of the effects of asset holding.

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