



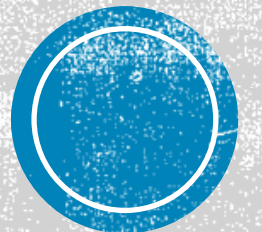
# **Factors Associated with Financial Stress in the U.S.**

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# Background

- Overall consumer debt reached \$4.1 trillion in the U.S. last year (Federal Reserve Bank of New York, 2020).
- When individuals find themselves under challenging financial circumstances, they can become susceptible to emotional side effects and experience severe financial stress.



# Purpose of Study

- To examine the relationship between financial stressors and financial stress
- To investigate what socio-demographic factors associated with financial stress among adults in the U.S.



# Research Questions

1. Do financial stressors increase financial stress?
2. What socio-demographic factors are associated with financial stress?



# Literature:

- As of the beginning of 2020, individuals ages 18-29 reported \$52.1 billion and 30-39 reported \$151.4 billion in credit card debt (Federal Reserve Bank of New York, 2020).
- Those with high amounts of credit card debt presented an increased amount of emotional distress (Thai, 2014).
- Debt is a stressor that causes financial stress in individuals (Drentea, & Reynolds, 2015; Afonso et al., 2018).



# Literature:

- 74.6% of adults in the United States experience financial stressors (Tsuchiya et al., 2020).
- Medical debt has shown to be one of the main reasons why individuals and families file for bankruptcy (Dobkin et al., 2018).
- Debt shows to increase mental health problems (Drentea & Reynolds, 2015).



# Methods

- **Data:** 2018 National Financial Capability Study
- **Sample:** N=5,252



# Sample Characteristics

- Age: 30-37 (19.2%)
- Gender: Males (54.2%)
- Education: Some college (33.5%)
- Marital Status: Married (74.4%)
- Employment Status: Working (74.3%)
- Income: \$100,000+ (42.3%)





# Dependent Variable

- **Financial Stress**

- 1) “Thinking about my finances makes me feel stressed”
- 2) “Talking about my finances makes me feel anxious”
- 3) “Worrying about running out of money in retirement”

- The response to this questions ranges 1=strongly disagree 7=strongly agree.



# Independent Variables

- ***Financial Stressors***

1) having too much debt, 2) receiving collector calls, 3) having unpaid medical bills, 4) experiencing income drop, and 5) the inability to pay bills.

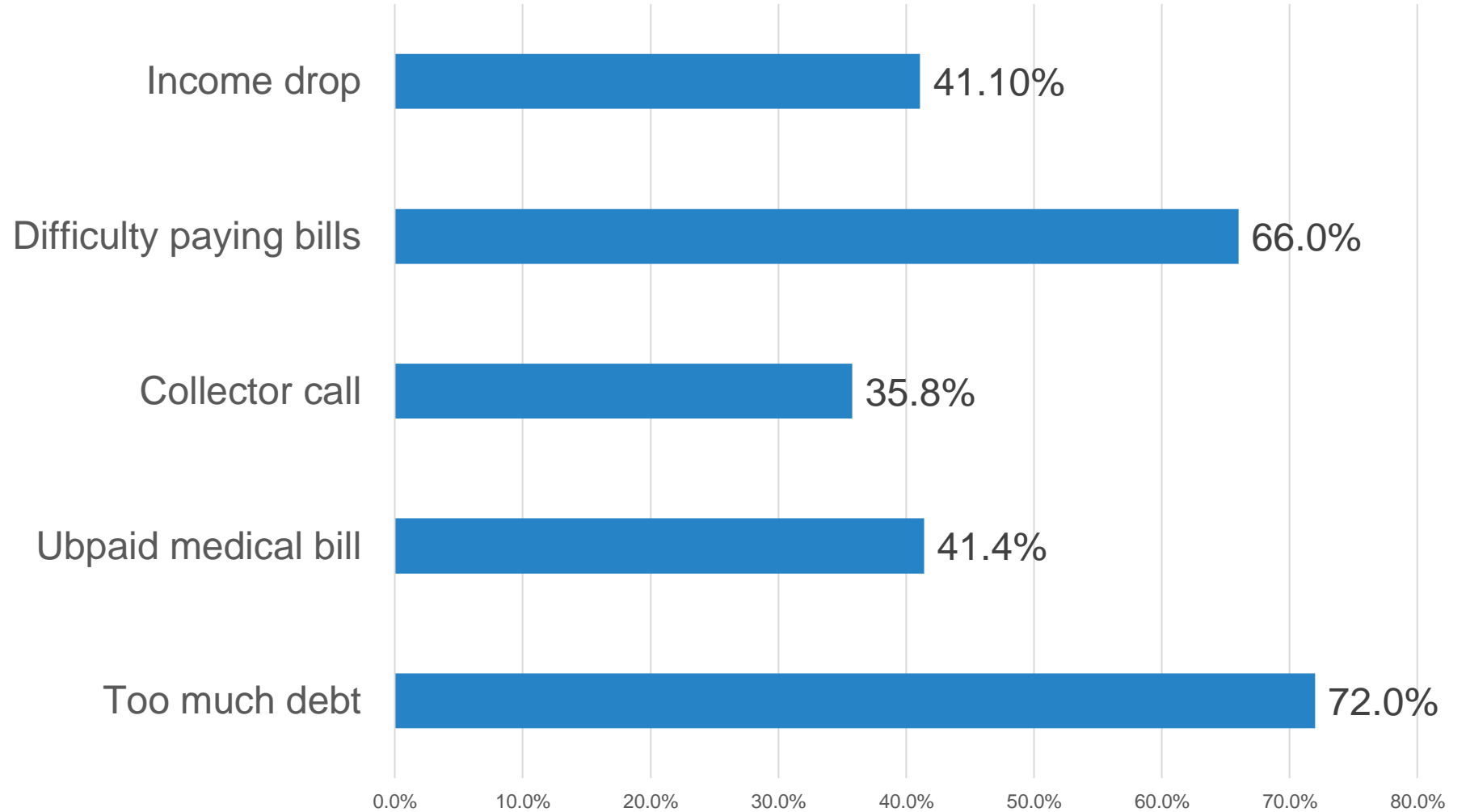
- ***Socio-demographics***

1) Race, 2) Age, 3) Gender, 4) Education, 5) Marital status, 6) Employment status, and 7) Income level.



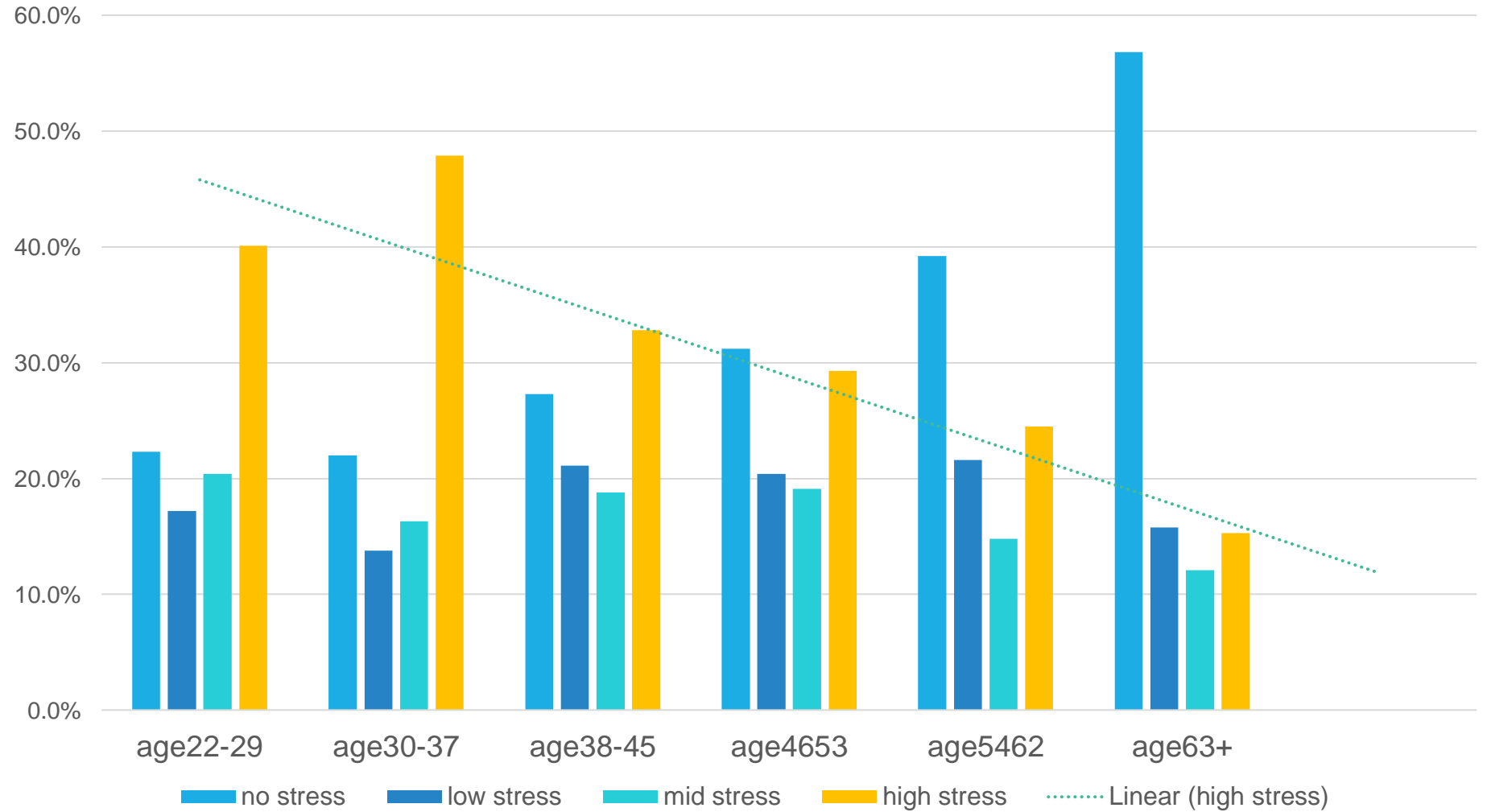
# Descriptive Results

## Five Stressors and High Level of Financial Stress



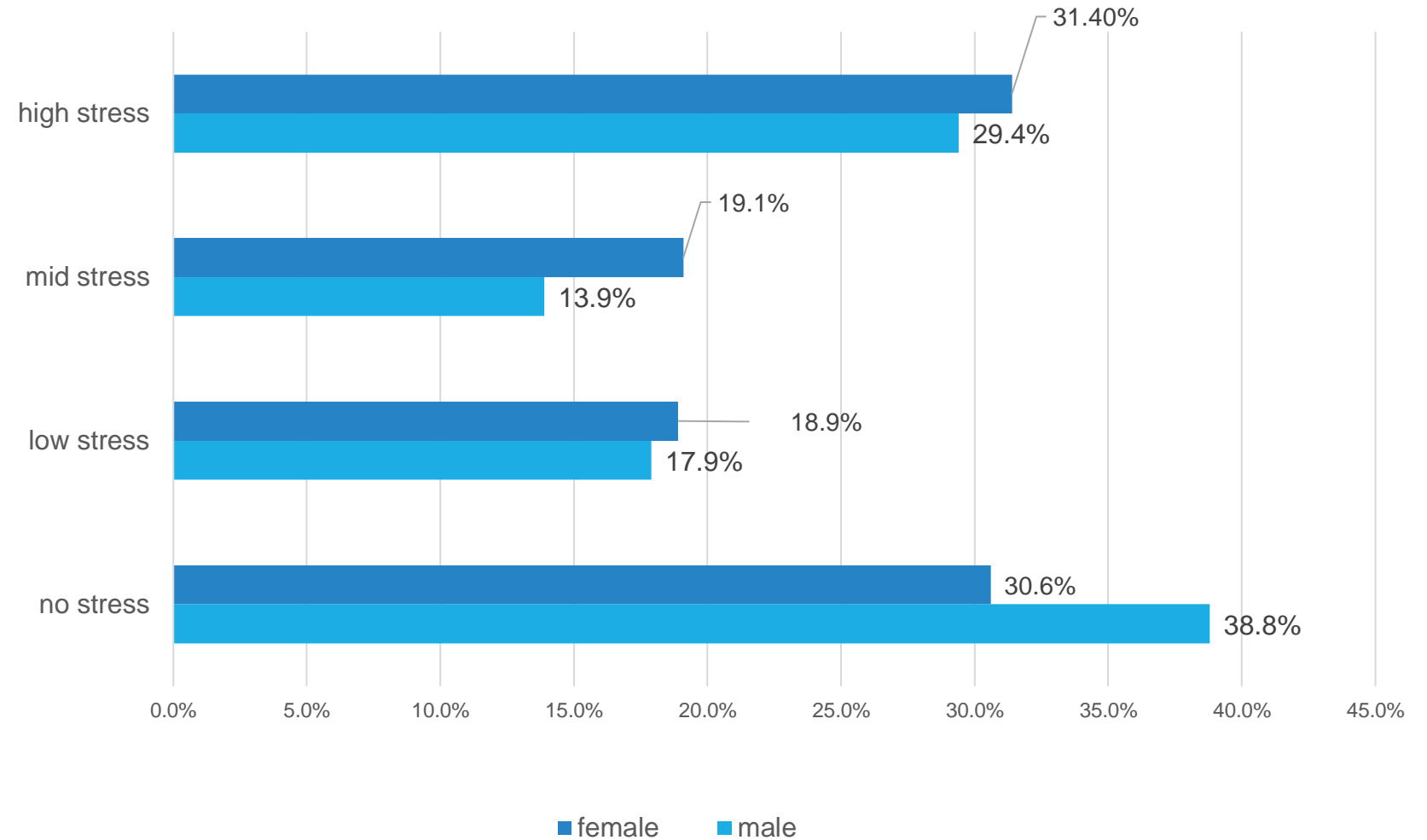
# Descriptive Results

## Age and Stress Level



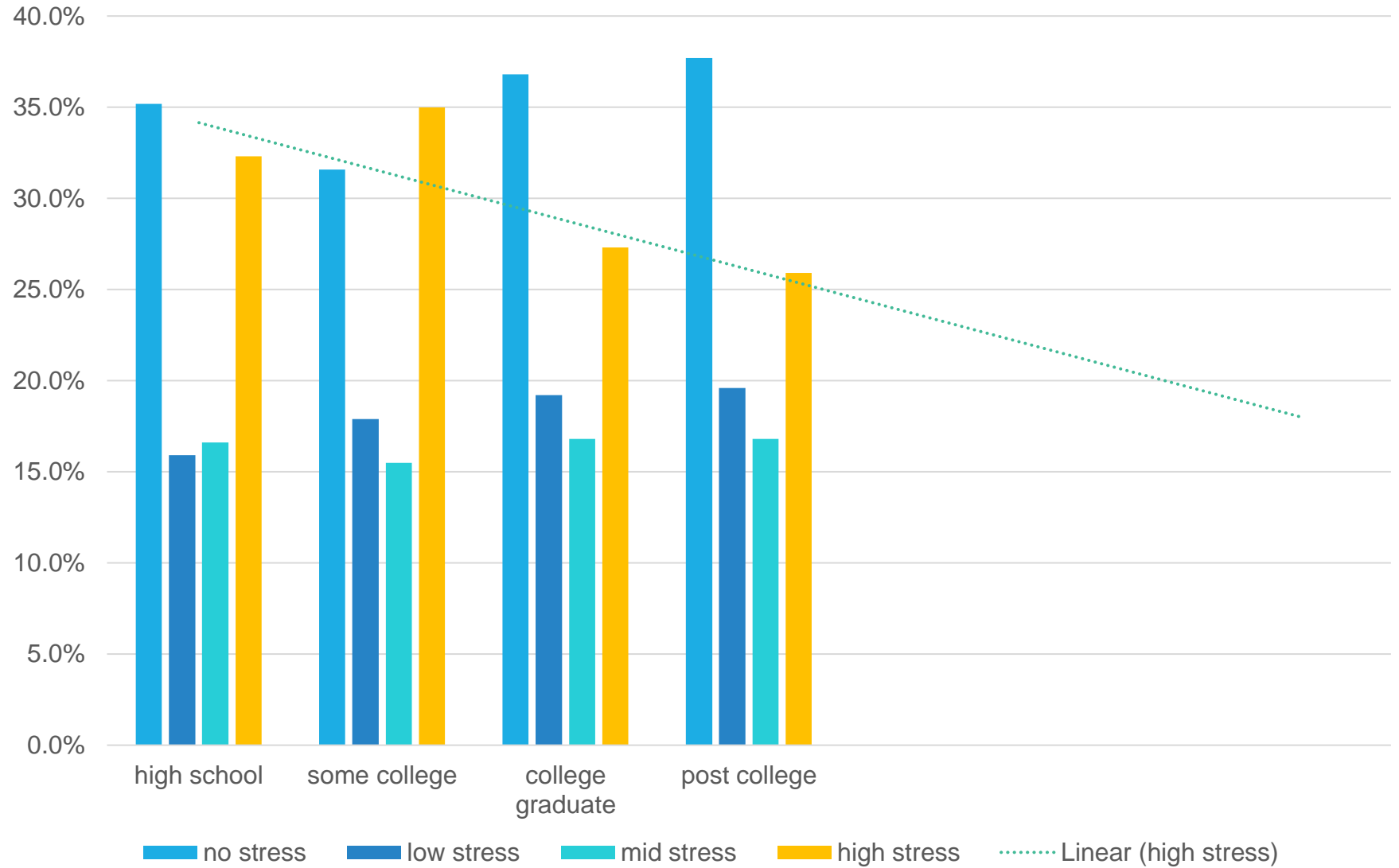
# Descriptive Results

## Gender and Stress Level



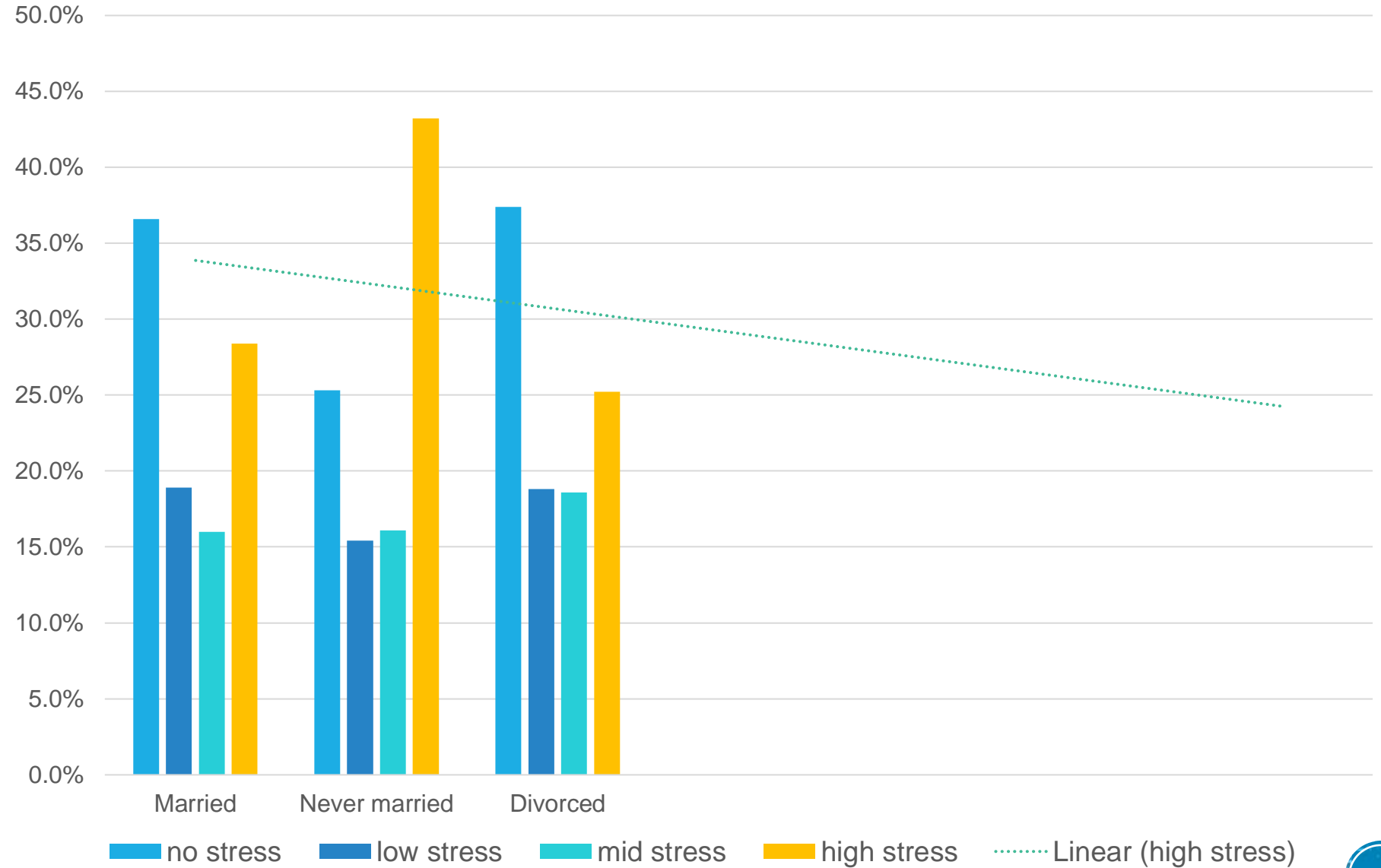
# Descriptive Results

## Education and Stress Level



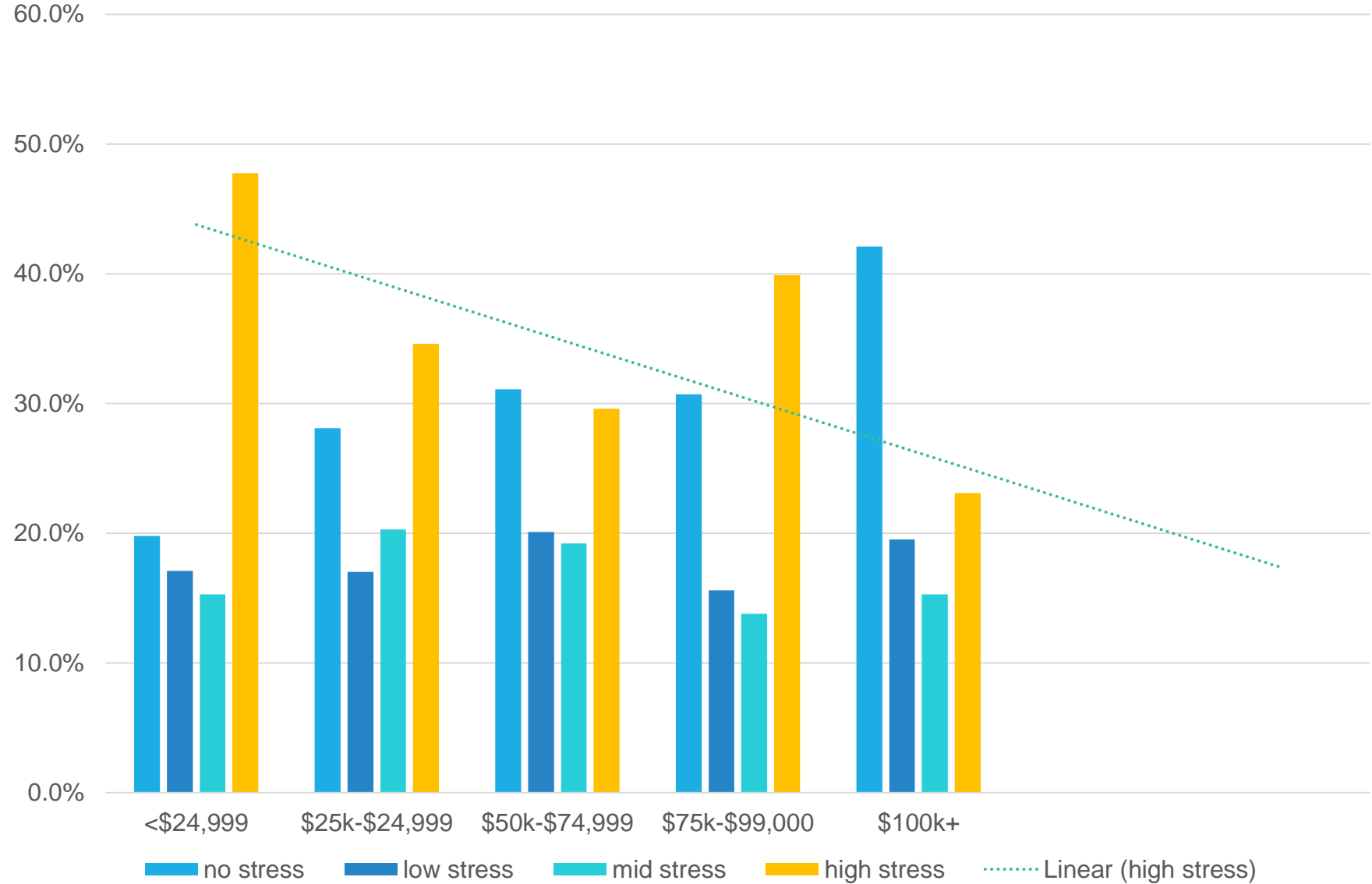
# Descriptive Results

## Marital Status and Stress Level



# Descriptive Results

## Income and Stress Level





# **OLS Results: Financial Stressors and Financial Stress**

- **Too Much Debt: (+)**
- **Collector Calls: (+)**
- **Unpaid Medical Bills: (+)**
- **Income drop: (+)**
- **Inability to pay bills: (+)**



# OLS Results: Other Predictors of Financial Stress

- Subjective Financial Knowledge: (-)
- Objective Financial Knowledge: (-)
- Female:(+)
- Working individuals: (+)
- Less than \$25,000: (+)
- Age 30-37: (+)
- Age 38-45: (+)
- Age 46-53: (+)
- Age 54-62: (+)



# Implications

- **Financial therapists** can help individuals and families deal with the negative emotional impacts of experiencing financial stress.
- **Policymakers, extension specialists, and educators** need to increase and create outreach programs that can target populations under financial stress.
- **Financial counselors** can focus on helping people deal with financial stressors more effectively.
- This study can help **financial practitioners, financial educators and policy makers** better understand the impact of emotional financial stress on individuals.



# Conclusion

- All five financial stressors were statistically significant.
- Race was not statistically significant.
- Age was statistically significant to high levels of financial stress
- Objective and subjective financial knowledge were also significant.
- The findings of this study are timely.



**Questions or  
Comments?**

