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Effects of Health and Marital Status on Financial Well-Being

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Overview

We have chosen to investigate the correlation between an individual's marital status and health on their financial well-being. Our analysis utilizes data gathered from the Consumer Financial Protection Bureau's report done on 59 adult consumers and 30 financial practitioners. The results indicate that an individual who is in good health and married has a higher financial well-being score than an individual who is in poor health and unmarried.

Importance

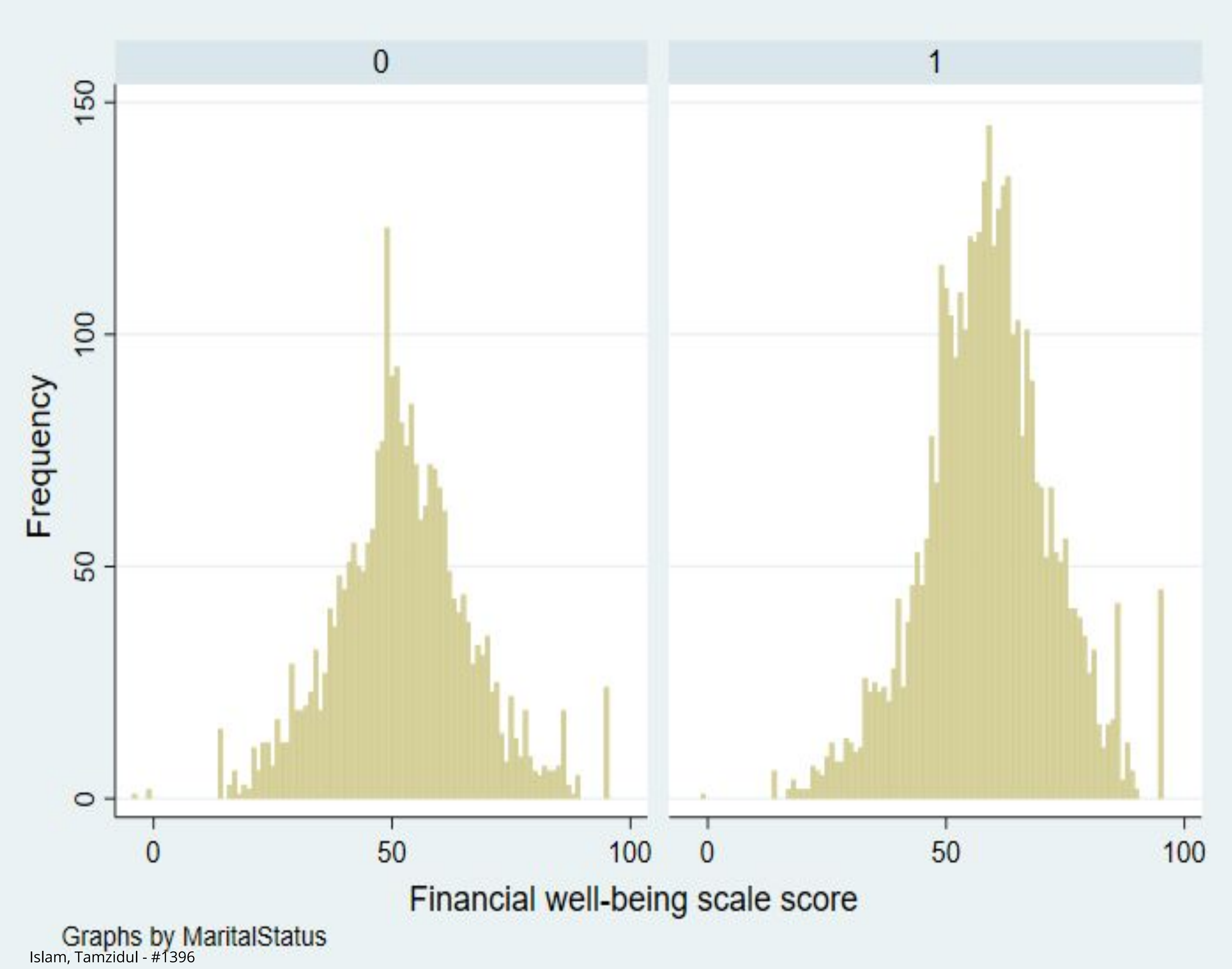
Finances affect an individual's daily life. For consumers to increase and maintain a higher financial well-being, it must be understood how other's gained a higher financial well-being to make vital financial decisions and to learn how to educate other consumers.

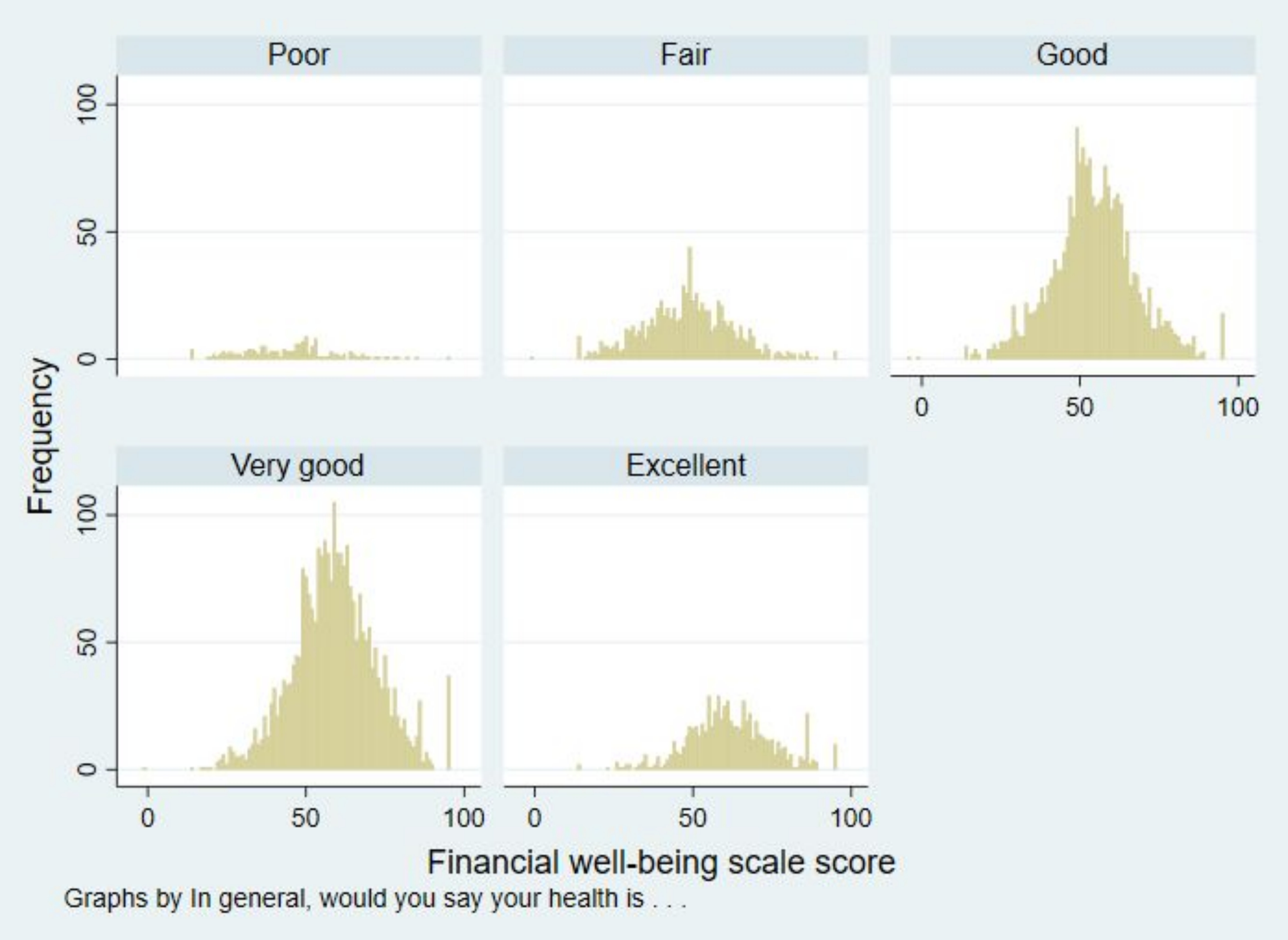
Contribution

Our analysis specifically on marital status and health impact on an individual's financial well-being. We analyze the direct impact of each variable on an individual.

Data

The information dataset was pulled from the Consumer's Financial Protection Bureau's website to run the regression results.





Variables:	
FWBScore	Financial well-being scale score
FSscore	Financial skill scale score
Health (Qualitative Condition)	Base level = Poor Fair=2, Good=3, Very Good=4, and Excellent=5
MaritalStatus (Married or Unmarried)	Married = 1 Unmarried =0
lFWBscore	log(FWBScore)
lFSscore	log(FSscore)

Methodology

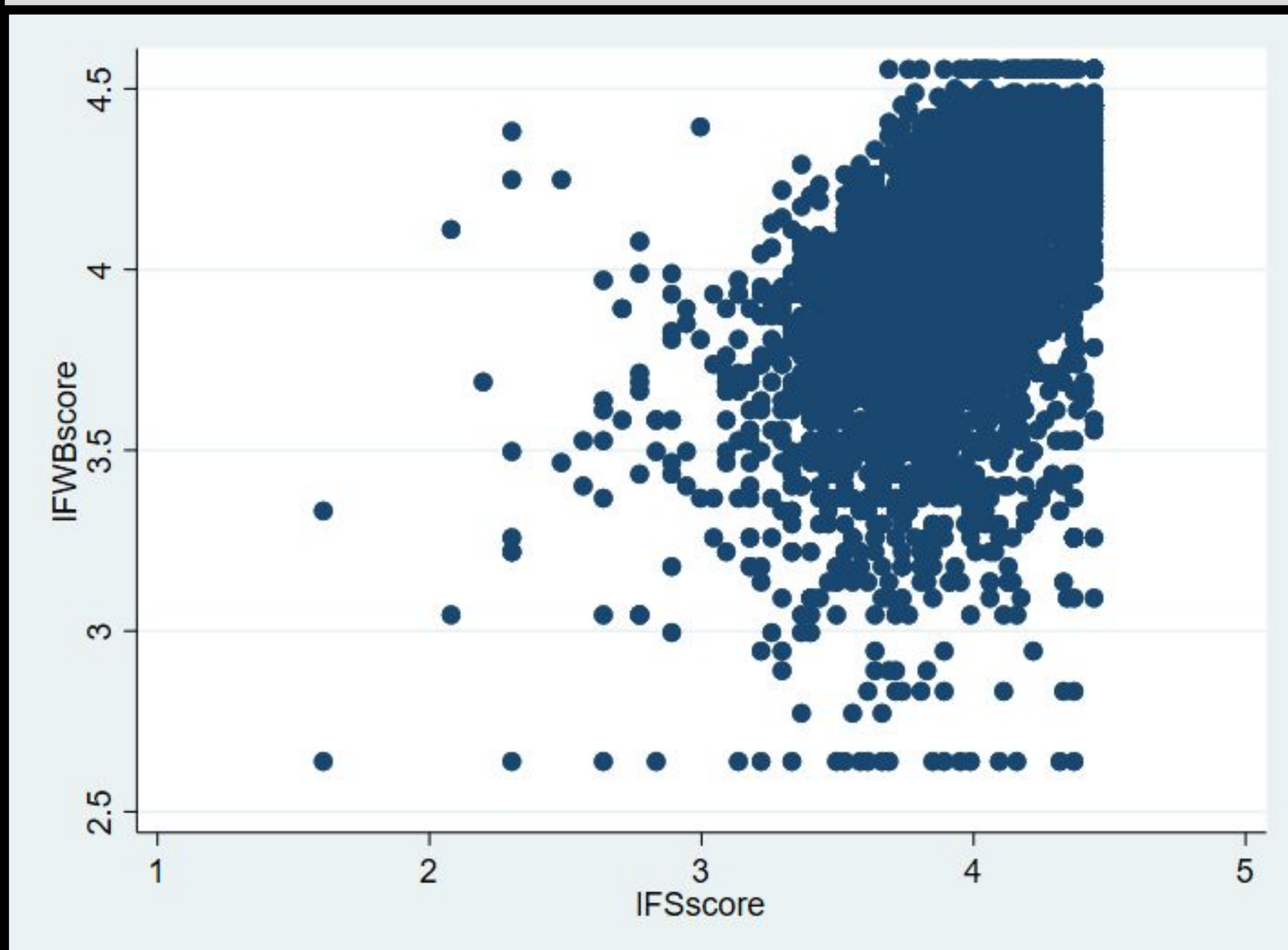
For our research we utilized the ordinary least square method and transformed the variables to regress on a log-log model. By using FWBscore and FSscore as base levels we were able to eliminate heteroskedascity problems.

Results

The findings indicated that the better a person's health is the higher their financial well-being score and if that individual is married, the score increases more. If an individual is married the score increases by 0.089; if their health is fair increases by 0.061, good by 0.155, very good by 0.202, and excellent by 0.217.

Conclusion

Our research indicates that consumers who wish to obtain financial well-being will attain it more easily by getting married. These individuals will do even better if they get healthy and stay healthy, as there is a positive impact that increases on the financial well-being score as health gets better. However, it is concluded that even more data and quantative variables are needed to fully grasp the concept of financial well-being as our regression model only reached an adjusted r-squared value of 0.2763.



Key Points

More research needs to be conducted to create a model that fits better than the one that is created by this analysis. This topic needs many groups to collect this data to deepen our understanding of all variables impacting the financial well-being score of an individual. As more data comes itn, it will assist the Consumer Financial Protection Bureau in developing strategies to teach consumers to be able to make better informed financial decisions in their day-to-day life.