



The Association Between Financial Insecurity and Distress

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Introduction

- Beyond the income threshold of approximately \$75,000, the emotional benefits of additional income plateau, although life satisfaction may continue to increase. (Fisher and Frechette 2023)
- Financial loss predicts increased anxiety at the individual level, in addition to passive-destructive conflict behavior through anxiety. (Merolla 2017)
- Financial problems significantly predict depression and anxiety as per the Diagnostic and Statistical Manual of Mental Disorders. (Diener 2002)

Methods

Sample

- The National Financial Well-Being Survey of the Consumer Financial Protection Bureau includes 6,394 American residents over the age of 18.

Measures

- Loans: whether the respondent has taken a student/education loan.
- Food Stress: a respondent's level of concern whether food would run out before pay day.
- Saving Stress: a respondent's level of concern that the money will save won't last.
- Distress: levels of stress in a respondent's life ranging from "Strongly Disagree" to "Strongly Agree".

Research Questions

- Is there an association between financial insecurity and emotional distress?
- What facets of financial instability are most closely related to stress?

Results

Bivariate

- Chi-Square analysis showed a statistically significant correlation between levels of distress and having taken a student loan ($p < 0.0001$).
- It is observed that people who have taken a student loan are more likely to experience stress in their everyday lives (Figure 2).

Multivariate

- Multivariate Linear Regression results, including all financial insecurity factors, show that Food Stress and Saving Stress are associated with the presence of emotional distress (CI 0.61-1.32, O.R. 0.54, $p = 0.0127$).
- As a general trend, there is a strong positive correlation between emotional distress and the score variable, consisting of all categorical response variables (Figure 3).

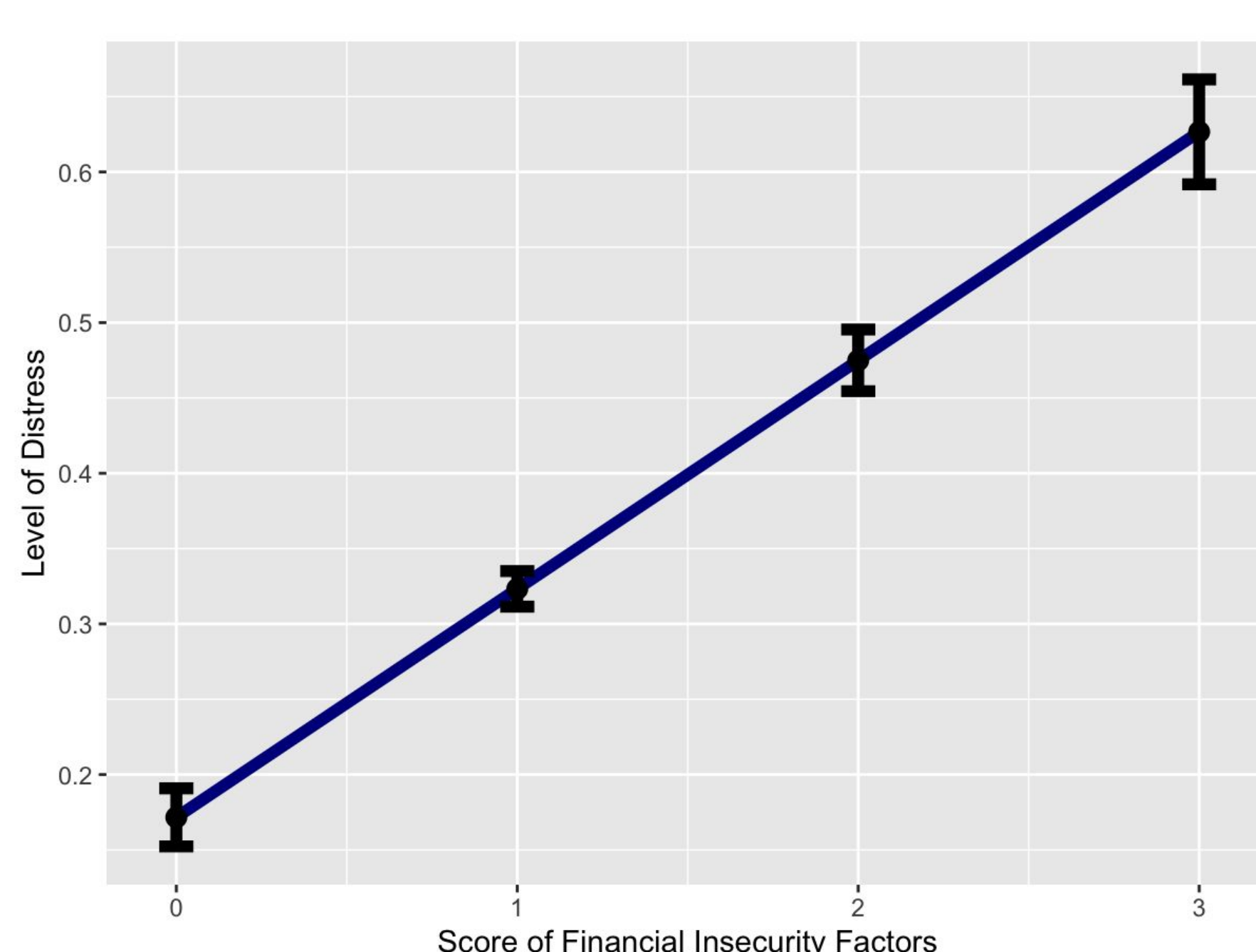


Figure 3: Association Between Financial Insecurity and Stress

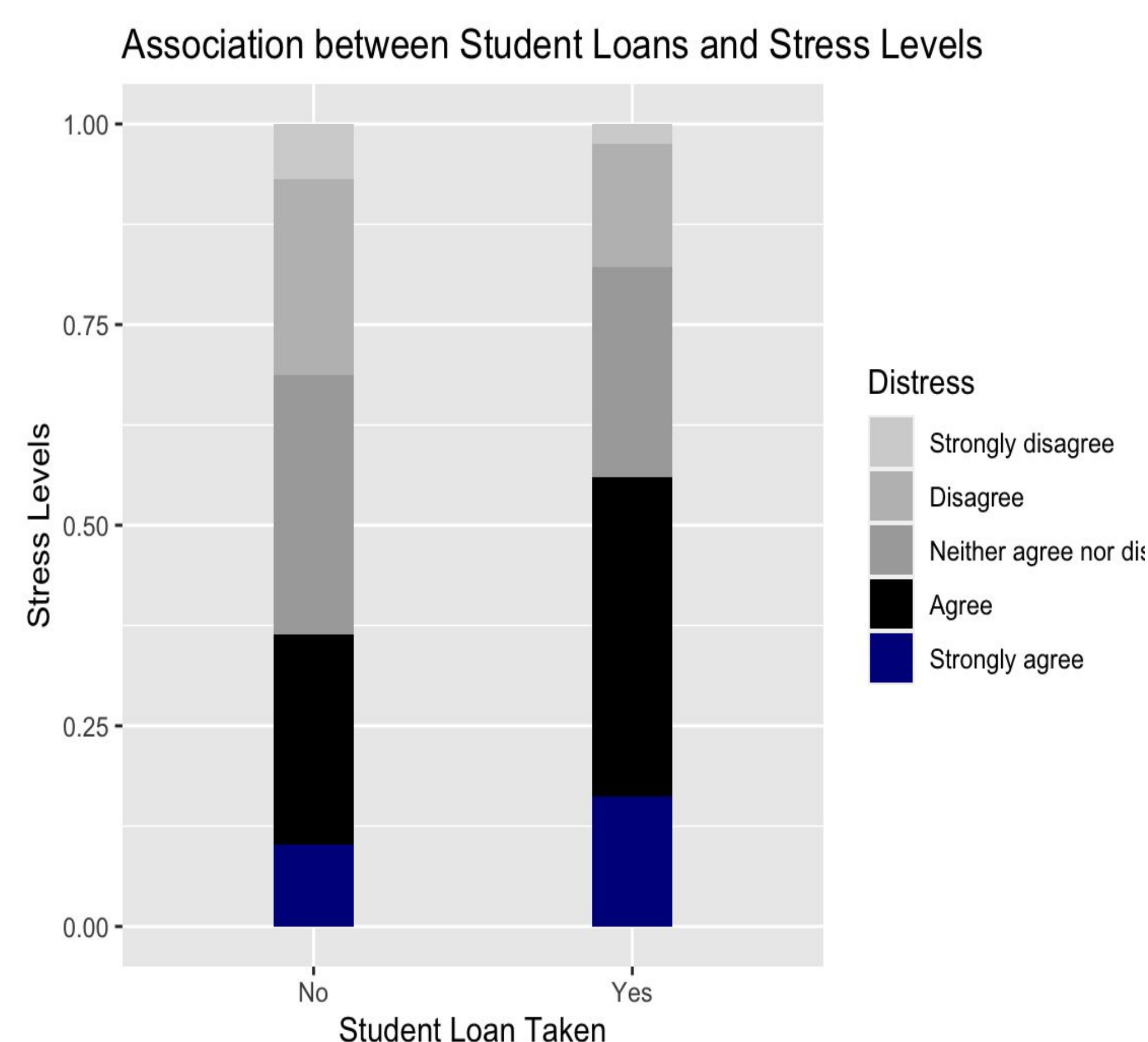


Figure 1: Association Between Student Loans and Stress Levels

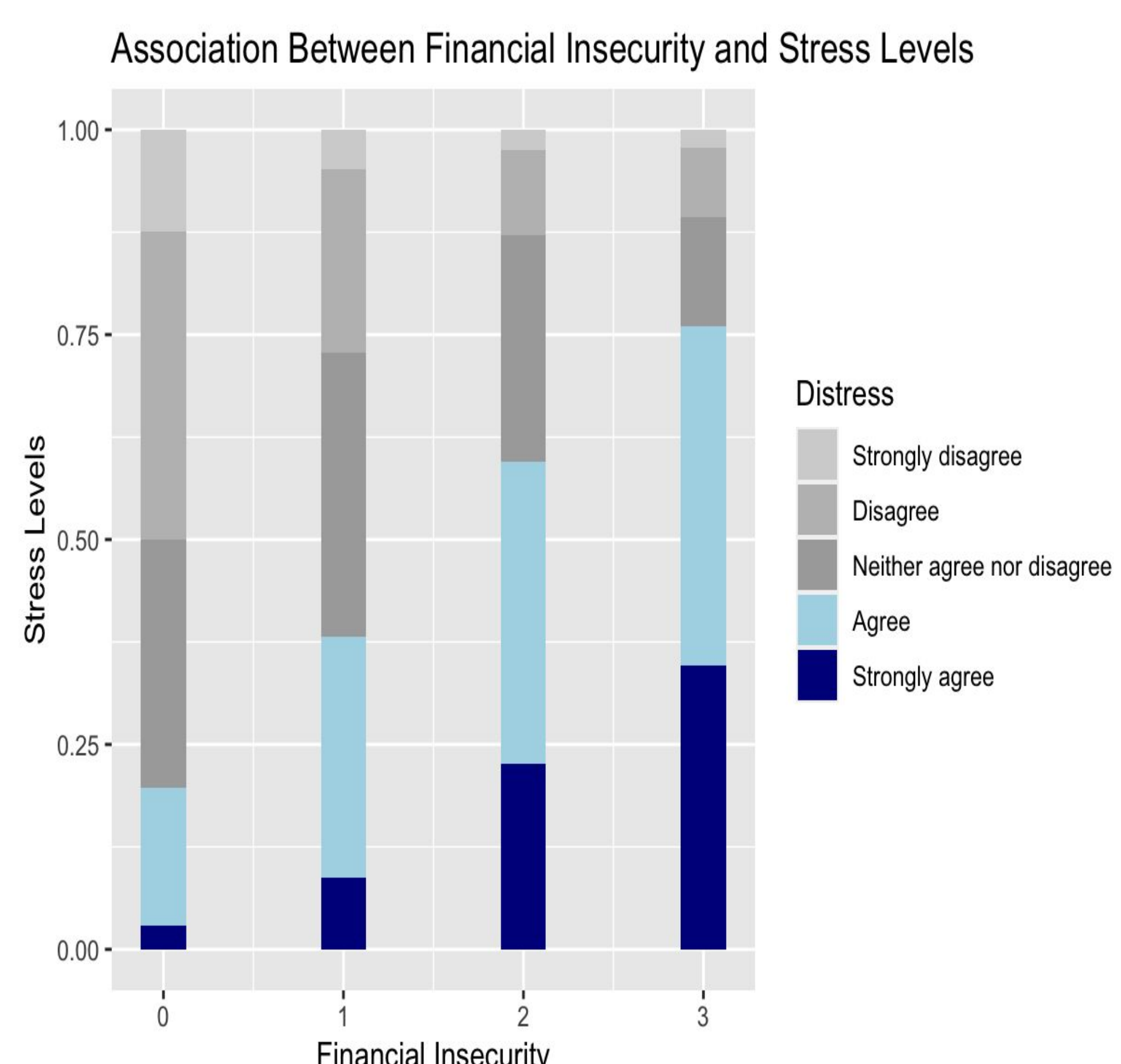


Figure 2.

Discussion

- The research aligns with previous literature and reveals a significant link between financial instability and emotional distress.
- The people who have an educational loan have odds that are twice as big to feel distressed than the people who have not taken a loan.
- Notably, the group of people who reported to have taken a student loan, are not able to afford food, and do not have secure savings are those who have the highest odds at experiencing distress.
- A future study could explore the nuance in cognitive manifestations of stress; for example, the relation between the severity of financial strain to severity of stress experienced.

References

- Diener, E. and R. Biswas-Diener. "Will Money Increase Subjective Well-Being?" *Social Indicators Research*, vol. 57, no. 2, 2002.
- Fisher, J. and M. Frechette. "One More Time, Does Money Buy Happiness?" *Applied Research in Quality of Life*, 2023.
- Merolla, A. J. "A Longitudinal Analysis of Financial Loss, Anxiety, Destructive Conflict, and Relational Maintenance." *Personal Relationships*, vol. 24, 2017.