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# **Desirable Family Financial Behaviors: An Examination of the Role of Family Structure in the United States**

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*This study contributes to research on family financial behaviors in the United States by examining the association between various family structures and desirable financial behaviors among American families. Utilizing data from the 2016 National Financial Well-Being Survey, this study examines how family structures, measured by marital status and the presence of financially dependent children, are associated with desirable financial behaviors, including day-to-day cash and credit management activities, the propensity to create and follow a financial plan, and the saving habits of American families. Empirical analyses revealed that family structure was significantly associated with family financial behaviors. Additionally, financial skills and both objective and subjective financial knowledge were significant factors. This paper provides a discussion of the key findings and their potential implications for financial therapists, financial planners, policymakers, and researchers interested in examining factors associated with enhancing beneficial family financial practices and bolstering family financial preparedness in the United States.*

*Keywords: family structure; financial behavior; financial skills; financial knowledge*

## **INTRODUCTION**

In recent decades, there have been notable transformations in the composition of familial structures and relationships among American households (Sassler & Lichter, 2020). These evolving norms in committed relationships have also been reshaping traditional roles in family decision-making (Raley & Sweeney, 2020), making it imperative to reassess financial decision-making and behaviors within families. The traditional structure within an American family included the married couple and their children, all of whom shared a single dwelling and legal, biological, and social connections (Vanorman & Scommegna, 2016). However, the number of cohabitating couples has more than doubled in the previous two decades, thus indicating a growing acceptance of the cohabiting option (Gurrentz, 2019). Browning et al. (2014) found that adults younger than 35 accounted for the vast majority of cohabiting couples in the United States. However, the share of cohabiting households in the

35-64 age group increased more than three-fold between 1980 (1.5% cohabiting) and 2000 (5% cohabiting). Although married-couple households continue to constitute the majority of American family households, the number of such households with their own children under 18 has shown a 5.5% decline over the decade from 2010 to 2020 (Gryn et al., 2023). This trend suggests a decrease in the traditional nuclear family structure where both parents are present along with their children. At the same time, the financial divide between the middle class and less wealthy families has widened, which perhaps manifests as an increased divergence between marriage and cohabitation on certain socioeconomic dimensions (Lundberg & Pollak, 2015). It is critical to acknowledge that socioeconomic status plays a substantial role in forming divergent family structures. Cohabitation is a more prevalent choice among couples from lower socioeconomic status backgrounds who are confronted with greater financial hardships (Furstenberg, 2014). The choice to marry or bear children is influenced by complex socioeconomic dynamics rather than a straightforward preference, as discussed in Furstenberg's (2014) work, highlighting the importance of considering socioeconomic status when examining the role of family structures on desirable financial behaviors.

Families and governments are key investors in children, providing them access to basic resources and developmental opportunities (Jackson & Schneider, 2022). Children living in various family structures face distinct economic realities. Compared to children residing with married parents, children living with cohabiting parents are more likely to experience economic hardship (Brown, 2004; Hastings & Schneider, 2020). Similarly, the financial challenges associated with divorce may lead to a reduction in the overall income of the family, which can have a profound impact on women and children (Koerner et al., 2010). Children from families undergoing divorce often exhibit reduced psychosocial well-being, which potentially contributes to lower academic achievement (Potter, 2010). Previous studies found that married families were more likely to integrate and pool together their financial resources and practice shared financial decision-making, which has been associated with the partners' mutual commitment to their relationship (Baisden et al., 2018; Lauer & Yodanis, 2011; Lott, 2017). Additionally, Lauer and Yodanis (2011) also found that families with children were more likely to practice shared financial management and were likely to be more satisfied in their relationships.

These observations highlight how marriage patterns are linked to the priorities and practices of family financial management. The inherent commitment of marriage could potentially foster a stable environment conducive to strategic financial decision-making. This stability is particularly critical in managing financial behaviors such as planning and saving for childrearing costs, among other long-term financial goals. This study aims to bridge a critical gap in the literature by examining how contemporary family structures, particularly marital status and the presence of children needing financial support, are associated with families' financial behaviors, namely credit and cash management practices, the propensity to plan, and overall saving habits.

In light of evolving family structures, traditional economic models like the utility model, which assumes that the family functions as a single decision-making unit pooling resources to maximize utility (Becker, 1974), may not fully capture the financial dynamics of

contemporary relationships. For example, previous studies have found that cohabiting couples and couples without children were more likely to manage their finances independently (Lauer & Yodanis, 2011; Treas & Widmer, 2000). Marital status and the existence of children have an impact on individual family members and families' needs, preferences, and optimal family decision-making with respect to prioritizing saving and consumption, life insurance demands, and asset allocation (Love, 2010), underscores the significance of considering the marital status and the presence of children as integral components of family dynamics. Recognizing these elements as interconnected can provide a more comprehensive understanding of how families manage resources and make financial decisions.

Following this line of research, our study focuses on three categories of family financial behaviors, including (a) managing money daily, such as paying bills on time, staying within the budget, paying off credit card balances in full, and monitoring bank statements, bills and receipts for errors, (b) financial planning strategies including examining the family budget, actively considering ways to adhere to the budget, establishing financial goals, and developing a clear plan of action to accomplish those goals, and (c) developing saving habits of individuals from diverse family structures as determined by their marital status and the presence of children. The current study provides a critical understanding of the interplay between family structures and financial practices. This study also delved into the relationship between internal resources, such as an individual's financial knowledge and skills, and desirable financial behaviors. The findings of this research hold substantial implications for policymakers, educators, and financial practitioners. By examining the relationship between family structures and financial behaviors, this study contributes to the development of targeted strategies aimed at enhancing financial skills and resilience among diverse American families.

## THEORETICAL FRAMEWORK AND LITERATURE REVIEW

This study is based on Becker's (1965) theory of household production and traditional utility theory (1974). These frameworks serve as the theoretical foundation to examine the influence of children on family financial behaviors. According to Baker (1965) and Foster (2002), the household production model consists of parental preferences, budget constraints, and production restrictions. Families optimize their well-being by allocating family resources to generate outcomes they value, such as child development. Three conditions hold true for this economic framework to be useful. First, children are not limited to just being a potential source of family labor, but they may also bring joy to their parents, serving as a form of consumption (Foster, 2002). Using saved monetary assets derived from appropriate financial behavior to raise children is a worthwhile goal for many families. Second, raising children demands financial support within the family system, with 17.1% and 26.9% of household income being spent on one child or two children in Midwestern families, respectively (Robb, 2019). Desirable financial behaviors such as cash and credit management, propensity to plan, and saving habits are involved in the allocation of scarce family financial resources, which requires either saving or spending for financial goals, in this case, raising children. Third, parents, as the decision-makers, must rationally weigh the costs (monetary expenditures, time, as well as the opportunity costs of childrearing) and

benefits of the desirable financial behaviors on child development (Foster, 2002). Children are not merely incidental but are central to understanding the dynamics of family structure and its relationship with desirable financial behaviors. Acknowledging children as core components of family structure is essential, as guided by these economic theories.

Additionally, this study incorporates the family resource management theory from a family systems perspective, acknowledging that financial decision-making extends beyond the individual to impact the entire family unit (Archuleta, 2013). This interconnection means that the financial choices parents make, particularly in managing resources, directly shape the collective well-being and fulfillment of family needs (Archuleta, 2013). Given the resource-intensive nature of raising children, families with children should develop effective financial practices to achieve long-term financial goals. As the family system theory suggests, considering both marital status and the presence of children provides a more comprehensive understanding of family structure, making it crucial when examining how family structure influences financial behaviors.

### **Family Structures**

According to a Pew Research Center study of the National Survey of Family Growth, the share of adults aged 18 to 44 who have ever lived with a romantic partner (59%) now outnumbers those who have ever been married (50%). Cohabitation is often portrayed as the chosen relationship of child-free couples; however, more than half (54%) of cohabiting adults have at least one child aged 18 or younger at home (Horowitz et al., 2019). Changes within the American family structure have been observed over the past 50 years (Fomby & Cherlin, 2007). During this time, there has been an increase in divorce rates (Fomby & Cherlin, 2007) and cohabitation among non-married couples (Bumpass & Lu, 2000). The growth rate in alternative family structures has been higher in the United States than in other developed countries (Fomby & Cherlin, 2007). According to past literature, American children are more likely to experience growing up in single-parent families or stepfamilies than children in other developed economies (Andersson, 2002; Heuveline et al., 2003).

Bumpass and Lu (2000) found that the traditional format of a married couple and their children in family structures in the United States decreased between 1980-84 and 1990-94, even though the divorce rate remained constant. Moreover, the proportion of children living in cohabiting families increased from 29 percent in 1980-84 to 39 percent in 1990-94. The authors found that approximately 40% of all children in the United States spent some time in cohabiting families during their study period. However, Brown et al. (2016) found that while children born to families living in cohabitation or transitioning to cohabitation stabilized during 1995-2010, the percentage of children growing up in nontraditional families increased among Blacks. The percentage of women (19-44 years old) cohabiting with their first husband before marriage has also increased from 40% in 1980-84 to 70% in 2010-14 (Hemez & Manning, 2017). The percentage of married couples with children decreased from 67% in 1969 to 46% in 2006, but the percentages of single mothers with children (8% in 1969; 13% in 2006), single fathers with children (2% in 1969; 4% in 2006), single females (4% in 1969; 9% in 2006), and single males (3% in 1969; 8% in 2016) increased during this time (Cancian & Reed, 2009).

Children have a direct and indirect impact on family financial decision-making, such as family resources, preferences, and background risks, all of which are key factors in asset accumulation, saving, credit constraint, and long-term lifetime investment decisions (Love, 2010). Married couples benefit from a number of institutionalized features of marriage (e.g., legal protection, task specialization, broader social network, higher saving rates) that facilitate the accumulation of savings, increase wealth, and promote access to work-related fringe benefits (Wilmoth & Koso, 2002). Many studies have compared and contrasted married and single-parent families on child expenditures. Hastings and Schneider (2020) highlight familial inequities in parent-child investments on more diversely defined family structures, indicating that cohabiting couple families spend less on child investment, suggesting the direction to examine the differences between married and cohabiting parents. Importantly, financial constraints often present significant obstacles to marriage among cohabiting couples (Smock et al., 2015), illustrating the intricate ways family structure and financial matters are intertwined. Exploring whether non-married families, with or without children, exhibit varying financial behaviors is becoming an increasingly crucial area of investigation within the realm of family finances.

Shifts in family structure underscore the importance of researchers examining differences in financial practices and the overall financial health of individuals and families with various family backgrounds. This study addresses this issue by exploring different dimensions of family status, integrating individuals' marital status and the presence of financially dependent children to analyze their impact on financial behaviors within family finances. Previous research on financial behaviors focused on marital status, categorizing it into two groups (married or others) while treating the financial dependents variable separately. However, these studies seldom made a clear distinction between cohabiting individuals and married couples when examining the effect of marital status on financial behaviors (e.g., Babiarez & Robb, 2014; Henager & Cude, 2016; Woodyard et al., 2017). This viewpoint on family characteristics may not accurately reflect current diverse family arrangements.

Furthermore, previous research has separated the effects of children and marital status on individual financial behaviors, which may not reflect the concept that families make decisions as a unit and leave the topic of how the integrated characteristics of the family structure influence financial behaviors unclear. Limited prior research exists documenting differences in parental financial behaviors by family structure in day-to-day financial resource management, planning, and saving habits, with a particular emphasis on differences in married and cohabited families with children. There is even less research demonstrating whether married individuals with children compared to those from other family structures, such as widowed, divorced or separated, and never married, behave differently with or without the presence of children. This study provides new insights into the association between marital status, dependent children, and desirable financial behaviors through the lens of family resource management theory and the theory of family production.

### **Cash and Credit Management**

Money is a scarce and limited resource that must be spent or saved responsibly to maintain the consumption level of a family and to achieve desired objectives such as saving for student college expenses, creating a financial buffer for unexpected crises, ensuring a comfortable living after retirement, and purchasing a home. Based on findings of family types and corresponding debt holding conducted by Xiao and Yao (2011), married families with children typically carried the highest median total debt, closely followed by married couples without children. Married couples, regardless of whether they had children or not, demonstrated a greater likelihood of accumulating mortgage debt in comparison to other family structures. They also found that cohabiting couples, with and without children, were the most likely to have loans. Three specific family types with above-average debt-to-income ratios are married couples with children, single males with children, and single females with children. Other studies have found that single women had lower debt levels than single men (Lyons, 2003). Pugliese et al. (2021) found that while married households and women were positively associated with owning credit cards, these groups were not significantly different in the amount of revolving debt they owed the credit card companies. Addo (2014) found that cohabitation was associated with higher credit card debt and financial obligation among young adults. An earlier study by Cherlin (2004) also found that cohabitation was associated with higher financial burdens. The findings from existing literature on the association between family structure and debt obligations are mixed. However, regardless of the direction of the association, previous studies do indicate a significant association between family structure and credit management behaviors. Nevertheless, the existing literature lacks information on whether being married with children in a traditional family arrangement is consistently linked to differences in money management habits compared to other family arrangements.

In summary, the findings from past literature indicate that financial resources are limited and must be managed diligently to maintain consumption and achieve a family's financial goals. Higher debt obligations are detrimental to families' financial well-being over time. However, the association between various family structures and peoples' debt management behavior has not been studied extensively in prior literature. Some findings from previous literature indicate that compared to the reference group of married couples with children, other family structures are more likely to have credit card debt-related obligations (Addo, 2014; Cherlin, 2004). Also, since cohabitation is linked to lower socioeconomic status (SES) and greater financial resource constraints, we expect that individuals in other family structures will be negatively associated with having positive cash and credit card management practices compared to the reference group of married families.

**H1:** When compared with other family structures, married families are positively associated with engaging in day-to-day cash and credit money management when controlling for other socioeconomic and demographic factors.

### **Propensity to Plan**

Prior evidence on intrafamily resource allocation showed that married couples often pool income and manage resources cooperatively. In contrast, cohabitators tend to embrace individualism and are more likely to manage their finances independently (Brines & Joyner, 1999). Common retirement income sources for many households come from Social Security, pension plans, and individual savings accounts. Findings from previous literature indicate that married families are more likely to plan and save for retirement (Dew, 2016; Knoll et al., 2012). Married households with children are also more likely to plan and save for their children's education (Townsend, 2010; Waite & Gallagher, 2002). Married families have additional Social Security benefit options that single individuals do not have, and they may use various strategies to maximize their combined payout. A couple's marriage certificate entitles both individuals to retirement benefits not available to unmarried individuals. In addition, married couples are entitled to several retirement benefits not available to unmarried persons above and beyond the benefits of Social Security and employer-provided pension plans. Non-married employees are less likely than married workers to participate in a pension plan (Dushi & Iams, 2013), and cohabiting families are less likely to seek advice from financial planners than married families (McCoy et al., 2019). Hastings and Schneider (2020) also find that single and cohabiting parents are less likely to plan for their children's education and other expenses when compared with the reference group of married parents. Choi and Carr (2023) find that compared to married families, widowed individuals are more likely and other family structures are less likely to plan for their wealth accumulation and protection needs.

In summary, past findings reveal that married families with children are more likely to plan for their long-term financial needs. In contrast, other non-married family structures may prioritize financial planning in comparison to married families. Overall, there is a relative lack of research in this area. However, based on the findings from past literature, it is expected that people's propensity to plan their finances will differ by family structure.

**H2:** When compared with other family structures, married families are positively associated with planning for their future financial needs after controlling for other socioeconomic and demographic factors.

## **Saving Habit**

Saving from current income is critical for retirement security, for achieving a desirable lifestyle, and coping with emergencies (Liu et al., 2023). Savings motivations are hierarchical in nature, suggested Devaney et al. (2007), meaning that people progress up the hierarchy as lower-level motivations are fulfilled. Following previous literature on motivations, the hierarchy of savings reasons includes meeting one's basic needs, including but not limited to one's physiological needs, safety needs, security in the future, belongingness and love needs, esteem/luxury needs, and self-actualization of achieving full potential (Devaney et al., 2007). With the addition of family members, the primary savings motivation of a family shifts upward from addressing lower-level needs, such as meeting basic necessities needs, safety demands, and security (saving for self-retirement) purposes to higher-level needs, such as saving for their children's education. The relationship between family structures and saving behavior is complex and shaped by the capacity to save money



and the willingness to save (Katona, 1975). Research indicated that families with financially dependent children save less as they must cover childrearing expenses (Browning & Lusardi, 1996). Consequently, parents are less likely to achieve a higher level of affluence when compared to their child-free counterparts (Hirschl et al. 2003). However, other research found that married families are more likely to have positive cash flows, desirable saving practices, and positive financial outcomes (Hogarth et al., 2003; Yuh & Hanna, 2010; Zimmerman et al., 2015), and save more than other types of families (Chang, 1994). Additionally, marital status is significantly associated with the intention to save for children's education (Yao et al., 2011). According to the data from the 2010 Survey of Consumer Finances (SCF), single female-headed families were less likely than married couple families to achieve financial retirement adequacy and were less likely to reach sufficient retirement preparedness (Yuh & Hanna, 2010).

In summary, the literature indicates that married families are more likely to practice saving for their future needs when compared with other family structures.

**H3:** When compared with other family structures, married families are positively associated with having positive saving habits after controlling for other socio-economic and demographic factors.

### **Financial Factors**

Perceived or self-assessed money management ability (financial self-efficacy) has been associated with positive financial management behaviors and individual well-being (Asebedo & Seay, 2018; Fan et al., 2022). Nevertheless, while money management ability is crucial for the well-being of low-SES families (French & McKillop, 2016; McKean et al., 2005), factors such as insufficient income, limited access to conventional credit, and an inability to meet financial obligations can result in higher levels of debt and lower perceived financial well-being, even for families with competent money management abilities (McKean et al., 2005). Woodyard et al. (2017) studied four cash and credit management behaviors, including maintaining an emergency fund, timely payment of credit card bills, monitoring credit reports, and avoidance of checking account overdrafts; the results showed that increased levels of objective and subjective financial knowledge were significant predictors of the expansion of desirable financial behaviors and the minimization of negative behaviors. The Consumer Financial Protection Bureau (CFPB) highlighted that financial skills play a more significant role in shaping financial decisions and actions than mere knowledge of financial facts (CFPB, 2018). Subjective financial knowledge has been found to be positively associated with long-term financial behaviors such as trying to estimate retirement needs, having retirement plans, and owning any investments or securities in addition to retirement accounts (Henager & Cude, 2016). The propensity to plan and objective financial knowledge has been positively associated with financial well-being (Lee et al., 2020; Zhang & Chatterjee, 2023; Zhang & Fan, 2024); specifically, the propensity to plan improved the beneficial relationship between objective financial knowledge and financial well-being.

Overall, current research highlights the significant impact of both objective and subjective financial knowledge and financial skills on shaping financial behaviors.

**H4:** Financial skills, objective financial knowledge, and subjective financial knowledge are positively associated with desirable financial behaviors after controlling for other socioeconomic and demographic-related factors.

## METHODOLOGY

### Data

The 2016 National Financial Well-Being Survey (NFWBS) was utilized in this study. The CFPB commissioned the open-source, public data set in 2016 to assess the financial well-being of a nationally representative sample of the U.S. population. The survey collected data on individual and family characteristics, including financial behaviors, skills, attitudes, and other sociodemographic information that may affect the financial well-being of individuals. The original data set contains 6,394 observations. After applying listwise deletion (Allison, 2002; Kang, 2013) to remove entries with missing values on key variables such as marital status, children's presence, and financial behaviors, the final observations were reduced to 5,666. This study incorporates weights provided by the 2016 National Financial Well-Being Survey to ensure that the weighted sample was representative for key demographics and the sample size is large enough to distinguish the following ten types of family dynamic: married with or without child (ren), cohabiting with or without child(ren), widowed with or without child (ren), divorced or separated with or without child (ren), and never getting married with or without child(ren).

### Dependent Variables

#### *Financial Behaviors*

**Cash and Credit Management.** The 2016 CFPB National Financial Well-Being Survey (NFWBS) includes four variables to indicate desirable behaviors related to day-to-day money management. Respondents were asked to indicate how the following statements applied to them: "Paid all your bills on time," "Stayed within your budget or spending plan," "Paid off credit card balance in full each month," and "Checked your statements, bills, and receipts to make sure there were no errors." Possible responses for each statement ranged from 1 (*not applicable or never*) to 5 (*always*), with a minimum score of 4 and a maximum score of 20 for money management behaviors. The internal consistency for these items, as measured by Cronbach's alpha, was 0.711.

**Propensity to Plan.** Four measures of the propensity to plan variable from the 2016 CFPB NFWBS were used in this study. These were "I consult my budget to see how much money I have left," "I actively consider the steps I need to take to stick to my budget," "I set financial goals for what I want to achieve with my money," and "I prepare a clear plan of action with detailed steps to achieve my financial goals." Each answer was coded with a 5-point Likert scale ranging from 1 (*strongly disagree*) to 5 (*strongly agree*), with a minimum score of 4 and a maximum score of 20 for planning behaviors. The Cronbach's alpha for the measures was 0.848, indicating a satisfactory level of internal consistency for the four items measuring the propensity to plan behaviors.

**Saving Habit.** The dependent variable, saving habit, was a single measure in the 2016 NFWBS reflecting positive saving behaviors. Respondents were asked to indicate to what degree they agreed with the following statement, “Putting money into savings is a habit for me.” The answer was coded with a 6-point scale ranging from 1 (*strongly disagree*) to 6 (*strongly agree*).

The measures on cash and credit money management, propensity to plan, and saving habits were developed by the CFPB to evaluate financial behaviors in a holistic manner, highlighting the value of conceptualizing financial behavior as a set of actionable activities.

### **Independent Variables**

#### ***Family Structure***

Following the study conducted by Malone et al. (2010), *family structures* were defined by the absence or presence of legally married spouses, as well as the absence or presence of children in need of financial support in this study. There are ten groups in this study: (1) married with children, (2) married without children, (3) cohabiting with partner with children, (4) cohabiting with partner without children, (5) widowed with children, (6) widowed without children, (7) divorced, or separated with children, (8) divorced, or separated without children, (9) never married with children, and (10) never married without children.

#### ***Financial Skills***

The dataset provided a 10-item financial skill scale to measure *financial skills*, which is defined as the capability to gather and analyze trustworthy financial information, take action, and remain on track to achieve financial goals, with possible scores ranging from 5 to 85. The Cronbach’s alpha value of 0.886 indicates a high level of internal consistency.

#### ***Subjective Financial Knowledge***

Subjective financial knowledge was a self-reported assessment of the following question: “On a scale from 1 to 7, where 1 means very low and 7 means very high, how would you assess your overall financial knowledge?” “Refused” answers were treated as missing.

#### ***Objective Financial Knowledge***

The measure of objective financial knowledge employed in this study was sourced directly from the 2016 CFPB NFWBS dataset, which adapts the shortened version of the Knoll-Houts Financial Knowledge Scale. This scale evaluates financial understanding across several areas: long-term investment returns, the relative volatility of stocks, bonds, and savings, advantages of diversification, risks of stock market downturns, basics of life insurance, risks in the housing market, implications of making minimum payments on credit cards, the bond-interest rate relationship, and the influence of mortgage term lengths on the

total interest accrued. Responses were categorized as either correct or incorrect, and the “refused” responses were treated as incorrect. The IRT score was generated using a look-up table that assigns IRT-based scores to the raw totals of items answered correctly by the respondent. Detailed information about the full item types, topics, and content is available in Knoll & Houts (2012).

### **Control Variables**

In the regression analyses, control variables included ethnicity categories (reference: Non-Hispanic White), gender (Women vs. Men), age categories (reference: 18-24), educational achievement (reference: high school and lower), income categories (reference: less than \$20,000), homeowner status (yes vs. no), and employment status (employed vs. not employed).

### **Analysis**

The analysis was primarily interested in exploring the impact of family dynamics on financial behaviors, including (a) cash and credit management, (b) propensity to plan, and (c) established a habit for savings. Three separate Kruskal-Wallis tests were conducted as a preliminary examination to investigate the presence of significant differences in the median values of three distinct financial behaviors among different family structures. To test the hypotheses, the analysis of this study was then performed using a survey data design methodology, utilizing the final sample weights of the 2016 CFPB National Financial Well-Being Survey dataset to represent the national population in the computation of descriptive statistics and regression analyses. Linearized standard errors were included in all three financial behaviors.

For each financial behavior, the baseline model focused on family structure as the primary independent variable and identified the impact of family structure on different financial behaviors, thus providing foundational insights. After establishing the baseline relationship, the second model was expanded to include financial factors, including financial skills and objective and subjective financial knowledge, into the regression model to further explore the relationship between financial structure and financial behaviors. The full model then evaluated the role of family structures on financial behaviors and monitored the significance of family structure after accounting for both financial and sociodemographic variables. Variance Inflation Factor (VIF) tests were performed to rule out multicollinearity problems. Hierarchical regression analysis introduces variables in sequential blocks, enabling a clear evaluation of how each set of variables influences the model as new variables are added. This is particularly useful for examining how much additional variance in the dependent variable is explained by new variables after accounting for the variance explained by previously entered variables. The effect sizes for the regressions have been computed using Cohen’s  $f^2$  (Ialongo, 2016) and have been reported in the results section.

## **RESULTS**

### **Descriptive Statistics**

## Desirable Family Financial Behaviors

Table 1 provides weighted descriptive statistics for the variables studied in this research. Financial behaviors exhibit the mean value of 15.67 (SD = 3.594) for day-to-day money management behavior and 14.23 (SD = 3.287) for propensity to plan behavior, both on a 4 to 20 scale, and 4.306 (SD = 1.492) for saving habits on a 1 to 6 scale. In the sample, family structure varied, with 30.21% married with children and 19.42% never married without children being the most notable. Financial skills and knowledge showed mean scores of 49.915 (SD = 12.751) on a 5 to 85 scale, and 4.604 (SD = 1.211) on a 1 to 7 scale, respectively, with objective financial knowledge averaging -0.153 (SD = 0.799). Demographic breakdowns include 64.73% White, 51.82% women, with the highest age group proportion at 22.35% for 25-34 years old. Educationally, 31.77% held at least a bachelor's degree. The income range most represented was \$100,000 - \$149,999 (16.21%). Results indicate that 58.72% were homeowners, and 56.56% worked either full-time, part-time or were self-employed.

**Table 1.***Descriptive Statistics (Obs = 5,666).*

Variable	Mean/ %	Std. Dev.	Min	Max
Manage	15.658	3.599	4	20
Plan	14.229	3.275	4	20
Saving habit	4.301	1.496	1	6
Family structure				
Married with children	29.74%			
Married without child	25.96%			
Cohabit with children	2.32%			
Cohabit without child	4.67%			
Widowed with children	0.72%			
Widowed without child	3.72%			
Divorced or separated with children	3.99%			
Divorced or separated without child	6.69%			
Never married with children	2.69%			
Never married without child	19.50%			
Financial skill scores	49.911	12.755	5	85
Subjective financial knowledge	4.607	1.208	1	7
Objective financial knowledge	-0.161	0.801	-2.053	1.267
Ethnicity				
White, No-Hispanic	64.57%			
Black, Non-Hispanic	11.40%			
Other, Non-Hispanic	8.24%			
Hispanic	15.79%			
Women	51.74%			
Age category				
Age 18 to 24	9.95%			
Age 25 to 34	22.36%			
Age 35 to 44	14.77%			
Age 45 to 54	19.29%			
Age 55 to 61	11.60%			
Age 62 and above	22.03%			
Educational attainment				
High school and lower	39.43%			
Some college/Associate	28.99%			
Bachelor's degree	19.93%			
Graduate/Professional degree	11.65%			
Income level				
Less than \$20,000	12.80%			
\$20,000 to \$29,999	8.40%			
\$30,000 to \$39,999	9.80%			
\$40,000 to \$49,999	6.62%			
\$50,000 to \$59,999	7.81%			
\$60,000 to \$74,999	9.42%			
\$75,000 to \$99,999	13.54%			
\$100,000 to \$149,999	16.21%			
\$150,000 or more	15.39%			
Homeownership	58.48%			
Employed	58.68%			

*Note.* Weighted.

## **Weighted Survey Data Design Regression Analysis**

### ***Cash and Credit Management***

The regression results for cash and credit management are reported in Table 2. In the baseline model, relative to the reference category of married families with children, those married or widowed but without children were associated with better cash and credit management behaviors. Conversely, families that were cohabiting with or without children, divorced or separated with children, or never married (with or without children) were associated with having lower scores in cash and credit management behaviors than their married with children counterparts. In the model controlling financial factors, family structure retained its significant association with cash and credit management. In the full model, the two groups, a) married without children and b) widowed with children, were associated with significantly better cash and credit management behaviors compared to the reference group of married with children.

Financial skill, objective financial knowledge, and subjective financial knowledge were substantially and positively associated with cash and credit management in the full model. Compared to non-Hispanic Whites, Black individuals were found to have lower cash and credit management scores, whereas Hispanics were associated with higher scores. Compared to younger cohorts (18-24 years of age), older age groups (aged 45 and above) had a higher cash and credit management score. Possessing at least a bachelor's degree was also linked to better cash and credit management behaviors. Individuals who fall in a higher income bracket (i.e., \$60,000-\$74,999 and above \$100,000), or are homeowners were found to score higher on this particular financial behavior. The change in  $R^2$  was significant with the addition of new variables at each step. The effect sizes (Cohen's  $f^2$ ) for the three models were: 0.083 for the reduced model including only the family structure variables, the effect size increased to 0.515 when financial skills and knowledge-related variables were added, and the effect size was 0.642 in the full model. These results indicate that the family structure of the respondents contributed between a small to medium effect size ( $0.2 < f^2 < 0.15$ ) (Ialongo, 2016; SPSS, 2024) on cash and credit management behavior of the respondents. However, the effect sizes for the models included financial skills and knowledge, and the full model was large ( $f^2 > 0.35$ ) (Ialongo, 2016; SPSS, 2024).

**Table 2.***Survey linear regression results on cash and credit management behaviors.*

Manage	Coef.	Linearized SE	Sig.	Coef.	Linearized SE	Sig.	Coef.	Linearized SE	Sig.
Family structure (ref. Married with children)									
Married without child	1.003	0.125	***	0.901	0.107	***	0.421	0.115	***
Cohabit with children	-2.113	0.380	***	-1.156	0.356	***	-0.350	0.353	
Cohabit without child	-1.074	0.344	**	-0.812	0.298	**	-0.171	0.291	
Widowed with children	-1.045	0.830		-0.261	0.594		-0.971	0.579	
Widowed without child	1.028	0.266	***	1.406	0.220	***	0.603	0.233	*
Divorced or separated with children	-1.590	0.276	***	-0.692	0.235	**	-0.402	0.233	
Divorced or separated without child	-0.323	0.213		0.121	0.184		0.013	0.185	
Never married with children	-1.601	0.357	***	-0.839	0.285	**	0.235	0.295	
Never married without child	-1.438	0.195	***	-0.760	0.163	***	0.051	0.165	
Financial skill scores				0.125	0.005	***	0.123	0.005	***
Subjective financial knowledge				0.159	0.055	**	0.154	0.055	**
Objective financial knowledge				0.637	0.062	***	0.264	0.075	***
Ethnicity (ref. White, Non-Hispanic)									
Black, Non-Hispanic							-1.287	0.164	***
Other, Non-Hispanic							0.146	0.213	
Hispanic							0.559	0.152	***
Women							0.307	0.093	**
Age (ref. Age 18 to 24)									
Age 25 to 34							0.062	0.252	
Age 35 to 44							0.238	0.274	
Age 45 to 54							0.644	0.265	*
Age 55 to 61							0.983	0.269	***
Age 62 and above							1.834	0.277	***
Some college/Associate							-0.009	0.124	
Bachelor's degree							0.434	0.136	**
Graduate/Professional degree							0.355	0.149	*



## Desirable Family Financial Behaviors

Income level (ref. Less than \$20,000)									
\$20,000 to \$29,999							0.196	0.213	
\$30,000 to \$39,999							0.155	0.204	
\$40,000 to \$49,999							-0.019	0.278	
\$50,000 to \$59,999							0.387	0.229	
\$60,000 to \$74,999							0.471	0.208	*
\$75,000 to \$99,999							0.278	0.220	
\$100,000 to \$149,999							0.516	0.204	*
\$150,000 or more							0.734	0.227	**
Homeownership							0.576	0.119	***
Employed							0.085	0.118	
Intercept	15.875	0.091	***	8.758	0.262	***	7.067	0.419	***
R-squared	R <sup>2</sup> =0.077			R <sup>2</sup> =0.340			R <sup>2</sup> =0.391		
Cohen's <i>f</i> -squared	<i>f</i> <sup>2</sup> = 0.083			<i>f</i> <sup>2</sup> = 0.515			<i>f</i> <sup>2</sup> = 0.642		

*Note.* Weighted. Coefficients are unstandardized. p<.05\*, p<.01\*\*, p<.001\*\*\*

### ***Propensity to Plan***

The regression results for propensity to plan were reported in Table 3. In the baseline model, cohabiting with children and being never-married without children were the two categories negatively associated with a higher propensity to plan compared to the reference group of married individuals with children. After incorporating financial factors into the model, cohabiting without a child and never-married without a child outperformed married with children on planning behaviors. In the full model, which accounted for both financial and sociodemographic variables, cohabiting with or without children and being never married without children all showed a negative association with desirable planning behaviors compared to the reference group.

Financial skills, as well as subjective and objective financial knowledge, were all found to have significant associations with planning behaviors. Financial skills and subjective financial knowledge were positively associated with the propensity to plan. Conversely, an inverse association was observed between objective financial knowledge and planning behaviors. The significance of these associations persisted in the full model. It was discovered that male non-Hispanic White respondents and those earning \$75,000 or more performed unfavorably in terms of planning behavior when compared to their reference groups. Being employed was positively associated with planning behavior. The addition of new variables at each step significantly impacted the change in  $R^2$ , thereby increasing the explanatory power. The effect sizes (Cohen's  $f^2$ ) for the three models were: 0.008 for the reduced model and included only the family structure variables. The effect size increased to 0.379 when financial skills and knowledge-related variables were added, and the effect size was 0.431 in the full model. These results indicate that family structure of the respondents contributed to a small effect size ( $f^2 < 0.2$ ) (Ialongo, 2016; SPSS, 2024) on the planning behavior of the respondents. But, the effect sizes for the models including financial skills and knowledge, and the full model were large ( $f^2 > 0.35$ ) (Ialongo, 2016; SPSS, 2024).

## Desirable Family Financial Behaviors

**Table 3.**

*Survey linear regression results on propensity to plan behaviors.*

Plan	Coef.	Linearized SE	Sig.	Coef.	Linearized SE	Sig.	Coef.	Linearized SE	Sig.
Family structure (ref. Married with children)									
Married without child	-0.044	0.122		-0.052	0.110		-0.066	0.118	
Cohabit with children	-0.774	0.365	*	-0.505	0.329		-0.829	0.314	**
Cohabit without child	-0.541	0.298		-0.611	0.249	*	-0.692	0.262	**
Widowed with children	-0.916	0.790		-0.547	0.590		-0.808	0.585	
Widowed without child	0.129	0.241		0.379	0.213		0.239	0.234	
Divorced or separated with children	-0.470	0.238		0.097	0.187		-0.094	0.189	
Divorced or separated without child	-0.145	0.195		0.091	0.163		-0.060	0.171	
Never married with children	-0.073	0.349		-0.013	0.272		-0.329	0.288	
Never married without child	-0.644	0.174	***	-0.286	0.143	*	-0.412	0.156	**
Financial skill scores				0.120	0.005	***	0.121	0.005	***
Subjective financial knowledge				0.238	0.054	***	0.276	0.053	***
Objective financial knowledge				-0.527	0.058	***	-0.236	0.072	**
Ethnicity (ref. White, Non-Hispanic)									
Black, Non-Hispanic							0.460	0.140	**
Other, Non-Hispanic							0.511	0.192	**
Hispanic							1.127	0.141	***
Women							0.223	0.087	*
Age (ref. Age 18 to 24)									
Age 25 to 34							0.025	0.207	
Age 35 to 44							-0.179	0.229	
Age 45 to 54							-0.295	0.218	
Age 55 to 61							-0.038	0.231	
Age 62 and above							0.005	0.236	
Educational attainment (ref. High school and lower)									
Some college/Associate							0.033	0.113	
Bachelor's degree							-0.203	0.142	
Graduate/Professional degree							-0.322	0.156	*

Income level (ref. Less than \$20,000)									
\$20,000 to \$29,999							-0.169	0.192	
\$30,000 to \$39,999							-0.013	0.175	
\$40,000 to \$49,999							-0.179	0.243	
\$50,000 to \$59,999							-0.039	0.187	
\$60,000 to \$74,999							-0.082	0.188	
\$75,000 to \$99,999							-0.479	0.181	**
\$100,000 to \$149,999							-0.441	0.173	*
\$150,000 or more							-0.647	0.204	**
Homeownership							0.013	0.107	
Employed							0.234	0.106	*
Intercept	15.875	0.091	***	7.130	0.249	***	6.930	0.374	***
R-squared	R2 =0.008			R2=0.275			R2=0.301		
Cohen's <i>f</i> -squared	<i>f</i> <sup>2</sup> =0.008			<i>f</i> <sup>2</sup> =0.379			<i>f</i> <sup>2</sup> =0.431		
<i>Note.</i> Weighted. Coefficients are unstandardized. p<.05*, p<.01**, p<.001***									

### ***Saving Habit***

The regression results for saving habits are reported in Table 4. Family structures such as cohabiting, widowed, divorced or separated, and never married, whether with or without children, were found to be less likely to agree on establishing a saving habit in the baseline model compared to those who were married with children. In contrast, married without children were more likely to establish a saving habit, and this positive association remained significant even after accounting for financial factors and sociodemographic factors in the full model. Additionally, widowed individuals with children consistently emerged as less likely to establish a strong saving habit.

In the full model, among financial factors, only financial skills were positively associated with establishing a saving habit. Those between the ages of 25 and 61 were less likely to set aside money than the reference groups habitually. Hispanics, women, individuals with a graduate degree, homeowners, employed individuals, and those earning \$50,000 or more, showed a greater tendency for engaging in regular saving. With every step, the introduction of new variables (i.e., financial factors and sociodemographic variables) resulted in a significant change in  $R^2$ . The effect sizes (Cohen's  $f^2$ ) for the three models were: 0.027 for the reduced model, which included only the family structure variables; The effect size increased to 0.349 when financial skills and knowledge-related variables were added, and the effect size was 0.423 in the full model. These results indicate that family structure of the respondents contributed to a small effect size ( $0.2 < f^2 < 0.35$ ) (Ialongo, 2016; SPSS, 2024) on savings behavior of the respondents. However, the effect sizes for the models included financial skills and knowledge, and the full model were large ( $f^2 \geq 0.35$ ) (Ialongo, 2016; SPSS, 2024).

**Table 4.***Survey linear regression results on saving habit.*

Saving Habit	Coef.	Linearized SE	Sig.	Coef.	Linearized SE	Sig.	Coef.	Linearized SE	Sig.
Family structure (ref. Married with children)									
Married without child	0.131	0.056	*	0.100	0.049	*	0.106	0.054	*
Cohabit with children	-0.777	0.174	***	-0.462	0.163	**	-0.262	0.159	
Cohabit without child	-0.348	0.131	**	-0.279	0.116	*	-0.199	0.111	
Widowed with children	-1.074	0.308	***	-0.801	0.271	**	-0.735	0.269	**
Widowed without child	-0.251	0.114	*	-0.111	0.097		0.029	0.107	
Divorced or separated with children	-0.561	0.118	***	-0.231	0.106	*	-0.087	0.106	
Divorced or separated without child	-0.283	0.098	**	-0.125	0.086		0.060	0.089	
Never married with children	-0.549	0.171	***	-0.316	0.134		-0.212	0.136	
Never married without child	-0.295	0.074	***	-0.055	0.064		0.035	0.073	
Financial skill scores				0.051	0.002	***	0.049	0.002	***
Subjective financial knowledge				0.065	0.024	**	0.046	0.024	
Objective financial knowledge				0.130	0.026	***	0.014	0.031	
Ethnicity (ref: White, Non-Hispanic)									
Black, Non-Hispanic							0.036	0.066	
Other, Non-Hispanic							0.173	0.087	*
Hispanic							0.330	0.064	***
Women							0.096	0.040	*
Age (ref. Age 18 to 24)									
Age 25 to 34							-0.315	0.096	**
Age 35 to 44							-0.302	0.103	*
Age 45 to 54							-0.404	0.102	***
Age 55 to 61							-0.241	0.107	*
Age 62 and above							-0.096	0.107	
Educational attainment (ref. High school and lower)									
Some college/Associate							-0.051	0.052	
Bachelor's degree							0.120	0.062	
Graduate/Professional degree							0.212	0.065	**

## Desirable Family Financial Behaviors

Income level (ref. Less than \$20,000)								
						0.004	0.097	
						0.012	0.096	
						0.109	0.107	
						0.353	0.100	***
						0.252	0.091	**
						0.304	0.087	***
						0.440	0.090	***
						0.601	0.094	***
Homeownership						0.200	0.053	***
Employed						0.160	0.050	**
Intercept	4.432	0.040	***	1.508	0.109	1.248	0.167	***
R-squared	R2 = 0.027			R2 = 0.259		R2 = 0.298		
Cohen's <i>f</i> -squared	$f^2=0.027$			$f^2=0.349$		$f^2=0.423$		

*Note.* Weighted Coefficients are unstandardized.  $p<.05^*$ ,  $p<.01^{**}$ ,  $p<.001^{***}$

## DISCUSSION AND IMPLICATIONS

Contrary to the study's initial hypotheses, which posited that married families will be more likely to exhibit beneficial financial behaviors such as day-to-day cash and credit money management (H1), the propensity to plan (H2), and saving habits (H3), the findings from this study cannot conclude that married families are consistently positively associated with positive financial behaviors when compared with all other family structures.

Cohabitation rates across all age groups in the United States have risen since 1995 (Horowitz et al., 2019). About 40% of American children were raised in cohabiting families at some point during their childhood (Kennedy & Bumpass, 2008). The traditional family structure of married couples with children only represents a fraction of the American population. Drastic changes in family structure have highlighted the need to investigate how individuals from various families differ in their financial behaviors. This research is motivated by family system theory (Archuleta, 2013) and recognizes the importance of considering the entire family unit on the development of financial behaviors. The study was designed to explore and better understand the way families from different family structures make financial decisions. With the goal of gaining a clearer understanding of the role of combining marital status and the presence of children on desirable financial behaviors, this study makes unique contributions to the literature by addressing the financial behaviors of individuals with respect to cash management, the propensity to plan and the savings habits of different family structures.

Individuals who are married without children showed a positive association with day-to-day money management, such as paying bills on time, adhering to budget plans, paying credit card balances in full, and diligently reviewing statements, bills, and receipts to ensure accuracy and error-free transactions. Married without children were also associated with establishing a saving habit. In comparison to their married counterparts with children, the better financial behaviors of those married without children may be a result of carrying fewer financial responsibilities. Family finances are impacted by childrearing, which consumes a substantial proportion of family income (Robb, 2019). Potentially, the absence of child-related expenditures permits a greater emphasis on budget adherence and savings.

The study found that whether cohabiting individuals had children or not, there was a negative association with planning behaviors. These behaviors include consulting budgets to monitor remaining funds, actively considering steps required to adhere to the budget, setting financial goals, and formulating a detailed action plan to achieve these financial goals. Although more research is needed in the future to understand these associations, several potential reasons could be attributed to these negative associations. Cohabitors often see financial constraints as critical barriers to marriage (Smock et al., 2015). Marriage is increasingly viewed as a normal good, meaning that as financial resources increase, the demand for marriage rises (Sassler & Lichter, 2020; Wilcox et al., 2015). The more informal structure of cohabiting relationships in comparison to marriage may also be associated with a less organized approach to money management practice and goal setting. Cohabiting couples may not have the preparation or the resources that would have allowed them to manage their cash and credit, plan, and save for the future (Horowitz et al., 2019).



## Desirable Family Financial Behaviors

Additionally, parents must weigh the costs and benefits of child development (Foster, 2002). The cost of having dependents might strain financial resources and management capacities while raising children as cohabiting parents. For those who are cohabiting and have children, the additional time and resource allocation of bringing up children perhaps added a larger constraint on a family's ability to plan (Love, 2010).

Individuals who were widowed with children were less likely to be associated with building habitual savings practices than their married with children counterparts. Prior studies indicate that the motivations for saving in married families differ from those of other families (Yao et al., 2011). Widowed people with children were less likely to develop a saving habit, possibly due to a lack of significant saving motivations. However, widower and childless individuals were associated with performing better in terms of cash and credit management. To cover the costs of raising children, families with financially dependent children save less (Browning & Lusardi, 1996). The ability to save is likely impacted by the financial and emotional stress of losing a loved one when combined with the obligations associated with childrearing. Widows without children, on the other hand, may face fewer financial obligations, thus allowing them to focus on their financial situations without the added expense of paying for dependents.

Individuals who are divorced or separated with children did not exhibit significant differences in cash and credit management, propensity to plan, and establishing savings habits. Divorced and separated individuals with children, as well as those who are married with children, share the common obligation to oversee household finances, provide for the requirements of their children, and make future-oriented plans. This shared responsibility can lead to similar financial behaviors and habits. Divorced or separated persons with children frequently get financial assistance through child support or alimony, as well as from extended family, friends, and community groups, which can help them manage their finances effectively. This support system might mitigate the disadvantages of raising children as divorced or separated parents.

This study also noted that individuals who have never been married but have children exhibit no significant differences in their financial behaviors compared to their married counterparts with children. This similarity may arise because the financial priorities of both groups are primarily focused on meeting the needs of their children. Additionally, it is conceivable that in some instances, financial support from the other biological parent could play a role in alleviating financial burdens, further aligning the financial behaviors of never-married and married individuals with children.

In line with previous literature, which indicates that positive cash flow and a propensity for saving are more prevalent in married families (Hogarth et al., 2003; Yuh & Hanna, 2010), this study found individuals who have never married and do not have children showed a relative underperformance in their propensity to plan financially when compared to those who are married with children. According to family systems theory (Archuleta, 2013), the effect of decision-making extends throughout the whole family unit. Because of the smaller family size of these family types, making financial choices may be less of a concern than for married families with financially dependent children.

Results on financial factors provide mixed results for H4. Previous literature suggested that objective financial knowledge and subjective financial knowledge are important contributing factors for cash and credit management (Woodyard et al., 2017), planning for retirement (Henager & Cude, 2016), and emergency savings (Babiarz & Robb, 2014). The results of this study on objective and subjective financial knowledge were inconsistent. The relationship between cash and credit management behaviors and both subjective and objective financial knowledge was positive. Nevertheless, it is worth noting that objective financial knowledge was negatively associated with the propensity to plan, whereas subjective financial knowledge was positively associated with the propensity to plan. The significance of income levels was more important than (both objective and subjective) financial knowledge in the establishment of a saving habit. More importantly, this study further adds to the literature by finding that perceived financial skills, the application of financial knowledge used for processing and utilizing pertinent financial information, is significantly associated with desirable financial behaviors.

The results also revealed some interesting findings. In particular, household income exceeding \$75,000 was found to be negatively associated with the propensity to plan. These findings are similar to those found in Godwin and Koonce (1992), where the authors found that low-income couples showed a higher propensity to plan their expenses, monitor their income and spending, and engage in other cash flow management-related activities. It is possible that respondents with lower incomes might not lose much by spending time planning their finances, unlike those with higher incomes, who might have more lucrative ways to use their time. Therefore, this might explain why lower-income individuals devote more effort and time to creating detailed budgets. Also, if a higher-income family did not plan their expenses, they might be able to recover from such a situation more easily due to their greater financial resources than lower-income individuals.

Respondents who identified as non-Hispanic White showed a lower propensity to plan compared to respondents of other ethnicities. This finding is consistent with findings from previous literature, which found that non-Hispanic Whites received higher inheritance, widening the disparity in their wealth accumulation compared to other ethnicities across time (Gittleman & Wolff, 2004). This economic advantage might lead to a perception of a less immediate need for planning. Furthermore, Hispanic respondents demonstrated superior performance in cash and credit management, planning propensity, and saving habits. This supports findings in the literature indicating that being Hispanic significantly enhances the likelihood of planning and saving for specific objectives, such as homeownership and funding children's education (Rubio, 2013).

The computed effect sizes of the regression estimates indicate that while the full regression models estimated for all three types of financial behaviors had large effect sizes, family structure remained significantly associated with financial behavior even after controlling for financial skills, knowledge, and other socioeconomic and demographic characteristics. However, family structures contributed to significant but relatively smaller effect sizes for the three types of financial behaviors. The association between family structure, cash and credit management (0.08), and savings (0.027) were higher than the small effect size threshold for the models (Ialongo, 2016; SPSS, 2024). However, the effect

size for planning behavior was lower than the small effect size threshold (0.008) for the model. However, it should be noted that although effect sizes are important, the context of the association should also be considered. Although family structure alone had a relatively small effect size on financial behaviors, these relationships are theoretically important and still informative. These baseline models helped set our baseline expectations regarding the influence of family structure on financial behaviors. This study was conducted using a cross-sectional dataset, and family structures were significantly associated with three different types of financial behaviors. Future studies need to examine these associations longitudinally with larger sample sizes, when possible, to estimate causality of these relationships.

The findings from this study have several implications for policymakers, practitioners, and scholars. Having children can be a life-changing financial commitment for families, and people from different family structures may differ in their financial behaviors in this regard. Past research shows that low SES and financially constrained families are more likely to cohabit (Furstenberg, 2014). The significantly negative association between the propensity to plan and cohabiting respondents with children, compared to the reference group of married respondents with children, may be due to this reason. The additional cost of raising a child likely increases the financial burden for cohabiting families that are already financially constrained and may not leave them with many additional resources to save and plan for. From a policy perspective, providing additional financial assistance, or providing tax incentives for low-income families with children could help in easing childcare-related constraints, and help free up some cashflow and time for the cohabiting families to engage in beneficial financial behaviors. Perhaps employers and corporations can also share this burden by providing greater childcare assistance for their employees. Another policy consideration could be to provide cohabitation equal treatment as marriage for tax filing purposes, as is done in Scandinavian countries such as Norway and Sweden (Wiik et al., 2009).

The significance of financial knowledge and financial skills in practicing desirable financial behaviors also highlights the importance of providing greater financial education for building more financial resilience among low- and moderate-income families. As the literature suggests (Addo, 2014), these families often choose cohabitational living arrangements due to financial constraints. Financial education can be provided through financial education programs at schools, colleges, and universities. Corporations can also play a role by providing access to financial education programs to their employees. Moreover, extension efforts should also be reinforced, as they will play a crucial role in reaching populations that might not have access to traditional educational settings. Community-based outreach programs and partnerships with local organizations could deliver financial education to underserved communities, ensuring that those most in need are reached.

This study has its limitations. For cash and credit management behaviors, a score of “1” for each item was used to signify both “not applicable” and “never.” This dual meaning could lead to ambiguity in determining whether a low score reflects a respondent’s non-engagement in the behavior due to irrelevance (not applicable) or due to actual financial management choices (never). Given the cross-sectional design of the 2016 National Financial

Well-Being Survey, findings cannot be interpreted as direct evidence of the causality between desirable financial behavior and family structure. Future studies might continue this line of research when panel data are available to see the changes in wealth accumulation patterns of cohabiting families as children grow up and incomes change over time. Additionally, incorporating qualitative methods such as interviews or focus groups could offer deeper insights and help establish the directionality of observed associations in the current study. Due to the way the question asks about the presence of a financially dependent child in the questionnaire, we cannot determine the total number of children within the family. This dataset also did not have detailed information on the investment decisions of families; hence, this study focused more on the money management, planning, and savings decisions of respondents. This study utilized listwise deletion to remove observations with missing values while preserving the distribution of the observed data, as suggested by Allison (2002) and Kang (2013). Going forward, it is crucial for future studies to implement strategies during the data collection phase that minimize missing data and enhance data quality in subsequent surveys. Future studies could benefit from employing multiple imputation techniques to confirm the robustness of the findings and ensure that all available information is utilized.

## CONCLUSION

The study examined the association between financial behaviors and family structures, encompassing both the marital status and the presence of financially dependent children. Family structures were significantly associated with desirable financial behaviors, including day-to-day cash and credit management, the propensity to plan, and a saving habit establishment. Another unique contribution of this study was not only considering family structure as a factor but also incorporating a step-by-step control for financial skills, financial knowledge, and sociodemographic variables. The findings provide an enhanced understanding of the interplay among various family structures, individual financial skills and knowledge, sociodemographic factors, and desirable financial behaviors. This study was carried out using a representative sample of American respondents. However, the growing trend of family dynamics is a global phenomenon, creating an opportunity to replicate this study with samples from other countries to compare and contrast the similarities and differences in the association between different family structures and desirable financial behaviors across diverse cultural, economic, and legal systems.

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