

# Putting Research to Work for Families



**Focus:**  
Civilian

## Leaving the Financial Nest: Connecting Young Adults' Financial Independence to Financial Security

Bea, M. D., & Yi, Y. (2019). Leaving the financial nest: Connecting young adults' financial independence to financial security. *Journal of Marriage and Family*, 81(2), 397-414. doi:10.1111/jomf.12553

**SUMMARY:** The financial support that young adults receive from their families may be associated with their financial independence and financial security. This study examined different patterns of financial independence among young adults, and how these patterns relate to financial security. The findings suggest that different patterns of financial independence related to varied levels of financial security.

### KEY FINDINGS:

- Four different groups based on the patterns of financial independence were identified in the study: consistently independent, quickly independent, gradually independent, and consistently supported.
- Young adults who belonged to the gradually independent and consistently supported groups came from higher socioeconomic backgrounds, received financial support from family for longer duration, and reported higher levels of financial security.
- Young adults who belonged to the consistently independent group came from lower socioeconomic backgrounds, received minimal financial support from family early in young adulthood, and reported higher levels of financial insecurity.
- Young adults who belonged to the quickly independent group received financial support from family, which quickly declined early in young adulthood, and reported higher levels of financial insecurity.

### IMPLICATIONS FOR YOUTH DEVELOPMENT PROFESSIONALS:

- Collaborate with organizations that serve youth and their families to emphasize how parental support can act as a buffer against financial hardships
- Attend training about financial education programs to enhance their understanding of various factors that impact youth's financial well-being

### IMPLICATIONS FOR PROGRAM LEADERS:

- Provide workshops to help parents understand potential intergenerational transmission of economic insecurity
- Disseminate information regarding common financial challenges youth face during the transition to adulthood and where individuals and families can find help for those problems

### IMPLICATIONS FOR POLICY MAKERS:

- Encourage the development and continuation of programs that aim to reduce economic inequality
- Encourage collaboration among schools and community-based organizations to support youth who belong to low socioeconomic backgrounds or have few family resources

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## METHODS

- Data were drawn from the Panel Study of Income Dynamics, which follows a nationally representative sample of US household since 1968. For the present study, data were taken from the 2005 to 2015 individual, family, and Transition into Adulthood Supplement (TAS) files.
- Financial independence was assessed using self-report measures, and financial security was assessed by self-report and determining if participants' families' income was at or below the poverty level.
- An analysis of the data was done to determine different patterns of financial independence, familial support received by the young adults, and how the patterns of financial independence predict financial security at the end of the study period.

## PARTICIPANTS

- The total sample in this study was 1,719 participants, and only those who completed at least three repeated measures of financial responsibility and support were included.
- The participants were 53% female and 63% White.
- The participants average ages were 18.6 years at the first observation and 24.9 years at the last observation.
- About 80% of participants had a high school diploma or an equivalent.

## LIMITATIONS

- The conclusions drawn from this study may not be appropriate for larger population since the results are not nationally representative.
- Only three measures of financial support from parents were included, but there are other indirect forms of financial support (e.g., providing child care or domestic help) that were not examined, and those untested variables might have influenced results.
- The researchers have used parental and familial support interchangeably. However, some young adults may be getting financial support from relatives or spouses.

## AVENUES FOR FUTURE RESEARCH

- Collect data across more time points to obtain more accurate patterns of financial independence
- Include more measures of financial support received from parents or other family networks
- Explore gender differences within the patterns of financial independence among the young adults

## ASSESSING RESEARCH THAT WORKS



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