

"I Can't Get No [Financial] Satisfaction": Exploring the Relationship Between Financial Anxiety and Debt

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Abstract

The researchers conducted this study to determine the relationship between debt and financial anxiety. Previous studies suggest that college students struggle to cope with their debt and financial responsibilities. Additional research in the field demonstrates that financial satisfaction is negatively correlated with financial anxiety; when one has low financial satisfaction, they exhibit high financial anxiety and vice versa. The current investigation attempts to expand on the findings of previous studies while incorporating other aspects that may contribute to one's financial anxiety and financial satisfaction, such as mental health conditions. Researchers predicted college students who have more debt are less financially satisfied and have a greater risk for developing mental health conditions. Students currently enrolled in a Psychology course at Santa Fe College had the opportunity to participate in the study. A survey was created using Google Forms containing demographic, scale, and open-ended questions. Survey results revealed that those experiencing a current mental health condition showed lower levels of financial satisfaction. Students with a mental health condition self-evaluated as feeling more overwhelmed than those who did not exhibit a mental health condition. The results demonstrated how the presence of a mental health condition is related to lower financial satisfaction and heightened levels of financial anxiety. Additional factors that contributed to this hypothesis included the sunk cost bias—when one's previous decisions affect present choices—which allowed the researchers to predict when participants would spend money carelessly rather than saving it for necessities.

Introduction

Problem: While there is a lack of knowledge on financial anxiety, this study strives to find reason behind the financial decisions people make and the stressors that cause them to make such decisions.

Goal: Through the use of a self-report survey specifically formulated to induce stress, the spending habits of these individuals were reported on the questionnaire and analyzed for correlation.

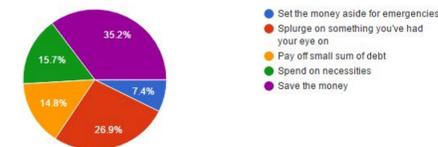
Hypothesis: Researchers predicted that college students who have more debt are less financially satisfied and have a greater risk for developing mental health conditions.

Methods and Results

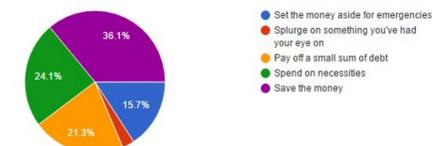
- Survey was created using Google Forms which was anonymously completed
- Participants included those currently enrolled in Psychology classes at Santa Fe College.
 - An incentive of extra credit was given to participants who completed the survey.
- Questions included:
 - Demographic (age, race, gender)
 - Financial ("how financially satisfied are you?" [Likert-Type Scale 1-7])
 - Mental health conditions
 - Questions designed to induce stress ("How many exams do you have in the next 2 weeks?")
- Survey was distributed via Canvas to other professors in the Santa Fe College psychology department.

- 31.5% of 108 participants exhibited a mental health condition. (34 participants)
 - Of these 34 participants, 83% of the them answered they were not content with their current financial status (rated 4 or less).
- Students with a mental health condition self evaluated as feeling more overwhelmed by their financial situation (debt) than those who do not exhibit mental health issues.
 - → Anxiety (GAD), Depression, Bipolar Disorder
 - **The presence of a mental health condition can be correlated → with lower financial satisfaction and heightened levels of financial anxiety (overwhelmed rating).**
- Wording directly affects how we spend our money = How we acquire the money affects how we spend it

What would you do if you received an extra \$200.00 from a bonus?
(108 responses)



What would you do if you received an extra \$200.00 with your financial aid?
(108 responses)



What would you do if you had an extra \$200 gifted to you by your family members?
(108 responses)



Discussion

Findings: Our hypothesis was supported: College students who have more debt are less financially satisfied and vice versa. Consequently, they have a greater risk for developing mental health conditions.

Relevance: Expanding on existing studies, we further analyzed the relationship amongst debt and mental health. Researchers have further accounted for how college students cope (or do not cope) with their debt.

Future implications: Replicating this study to include a larger, more diverse population and further expanding on participant's financial variables would allow for more applicable results. Paying more attention to the relationship among mental health of college students and debt could lead to more resources within schools to avoid financial distress.

Conclusion: Results of this study provided insight on the relationship between debt and financial anxiety. The ambivalent results of the participant's financial habits suggest there is much more to learn about the relationship among these factors.

Limitations:

- Invalid responses
- Odd intervals on Likert-Scale
- Needed more specific questions
- Needed a larger population

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