Materialism, Religiosity, and Financial Stress as Predictors of Retirement Planning

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**Background:**

- Since 1978 the number of individuals covered by defined-benefit plans has been cut in half (presently 21%), and personal savings as a percentage of disposable income has also declined from 8.9% in 1978 to 4.3% in 2009. These changes are impacting financial stability during retirement.
- The purpose of this study was to examine the impact materialism, religiosity, and financial stress have on retirement planning.

**Method:**

- The participants for this study were taken from the *Flourishing Families Project (FFP)*. The sample contained 334 married couples.
- For the study the mean age of wives was 43.44 (SD = 5.36) and the mean age of husbands was 45.32 (SD = 5.96). The mean monthly income was $7,035 (SD = $5,356). 68% of females and 71% of males had a bachelor’s degree or higher.
- Structural Equation Modeling using Mplus was used for the analysis. A single model was run with the four dependent variables listed below. For visual ease, the model was split in two and presented below with standardized coefficients and endogenous R^2 values.

**Results:**

- The final structural model had similar model fit to the measurement model (Chi-square = 165.95, df = 98, p < .000; CFI = .996; RMSEA = .046).
- Latent contracts for materialism, religiosity, and financial stress were examined. Each of these demonstrated appropriate factor structures (all loadings above .43, with average factor loadings for materialism for females = .67, males = .63; religiosity for females = .95, males = .95; financial stress for females = .83, males = .81).
- Additionally, there were four significant indirect effects through a combination of both the husband’s and the wife’s financial stress. The wife’s religiosity was found to indirectly predict the wife’s retirement savings (p < .05) and the wife’s religiosity was found to indirectly predict the husband’s retirement savings (p < .05). The husband’s materialism was found to indirectly predict the wife’s retirement savings (p < .05) and the husband’s materialism was found to indirectly predict the husband’s retirement savings (p < .05). Also see “Latent constructs”.

**Discussion:**

- While financial stress seems to play a significant role in how couples go about planning for retirement, materialism and religiosity both play a role as well.

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**Outcome Question: Have you tried to figure out how much your household would need to save for retirement?**

![Diagram showing relationships between materialism, religiosity, and financial stress and retirement planning.](attachment:image.png)

**Outcome: Do you have any private retirement funds set aside?**

![Diagram showing relationships between materialism, religiosity, and financial stress and retirement savings.](attachment:image.png)