What is the relationship between financial satisfaction and happiness among older people?

An analysis using the World Values Survey 1981-2008

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This research

- Authored by David Hayes, PFRC

- Part of the 'Financial dimensions of wellbeing in older age' joint ILC-UK and PFRC project funded under the Secondary Data Analysis Initiative from UK Economic and Social Research Council

'Financial dimensions of wellbeing in older age'

- Secondary analysis of quantitative and qualitative data

- Datasets include World Values Survey, English Longitudinal Study of Ageing, Wealth and Assets Survey, British Household Panel

- Areas explored include: debt, mortgages, consumer spending, financial wellbeing

http://www.bristol.ac.uk/geography/research/pfrc/esrc/

www.ilcuk.org.uk

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World Values Survey

- Global assessment of social, political and economic attitudes and changes

- Containing around 65,000 over-50s

- 84 countries over 5 waves (1981-2008)

- Data weighted to be nationally representative

- Descriptives are wave 5; Multilevel is all 5 waves

The analysis

- How levels of financial satisfaction (FS) vary b/w countries in the latest wave of data (2005-2008)

- Relationship b/w age and financial satisfaction

- Self-reported happiness by country; and by age

- Model individual and country predictors of FS and happiness using multilevel modelling on all five waves

- Identify common predictors

Table 1: Satisfaction of all those aged 50+ with household's financial situation, by country

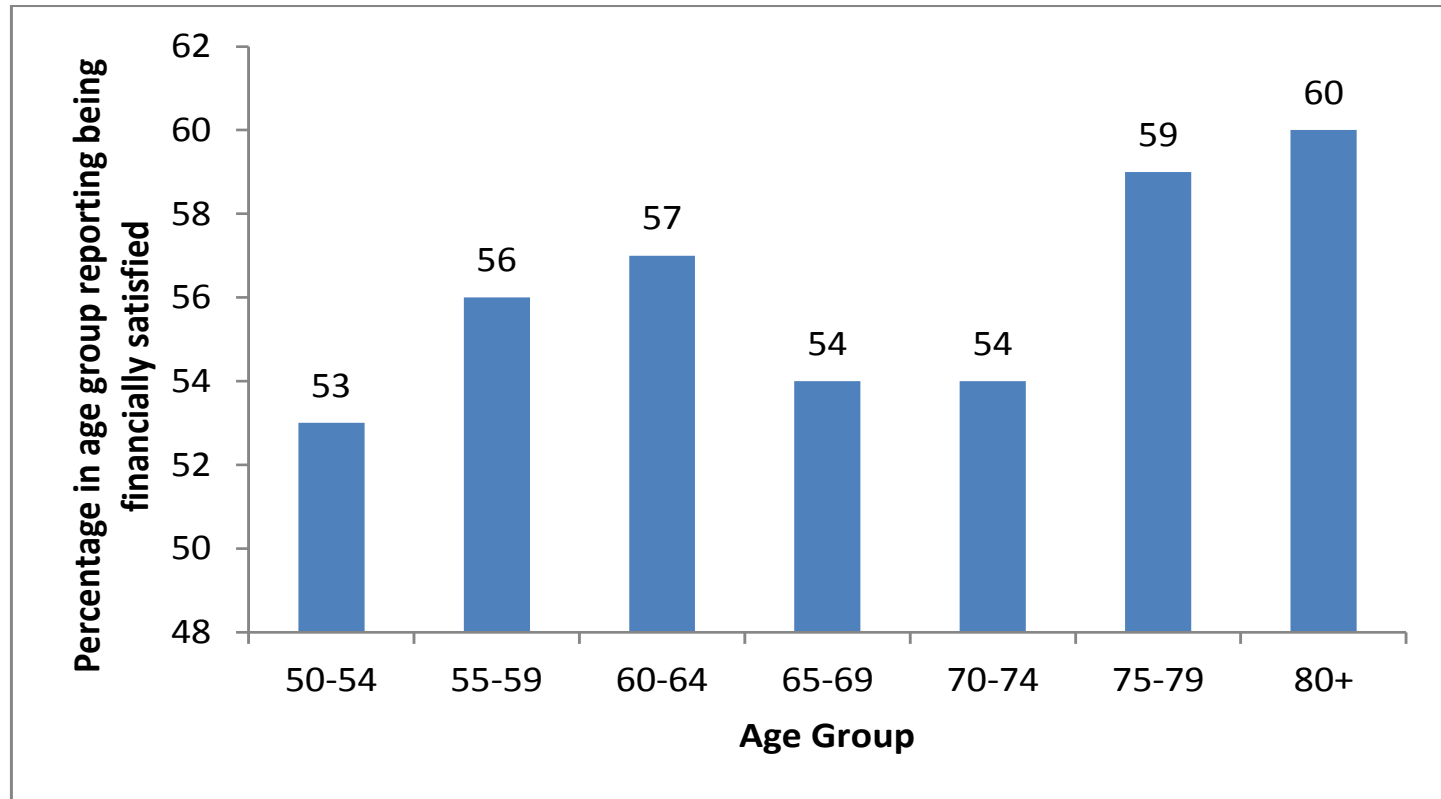| Rank	Country	Percentage satisfied (%)	Rank	Country	Percentage satisfied (%)	Rank	Country	Percentage satisfied (%)
1	Switzerland	87	19	Trinidad and Tobago	65	37	Ghana	45
2	Norway	85	20	Hong Kong	65	38	Iran	44
3	Sweden	84	21	United States	64	39	Chile	39
4	Finland	83	22	Taiwan	63	40	Egypt	38
5	Canada	83	23	Germany	62	41	Morocco	36
6	Netherlands	82	24	China	61	42	Poland	35
7	Great Britain	80	25	Uruguay	61	43	Romania	31
8	Malaysia	78	26	Andorra	60	44	Ethiopia	29
9	New Zealand	76	27	Jordan	60	45	Serbia	29
10	Italy	76	28	Turkey	59	46	India	28
11	Japan	73	29	Brazil	56	47	Burkina Faso	27
12	Mexico	72	30	Spain	54	48	Iraq	27
13	Australia	71	31	Slovenia	54	49	Ukraine	26
14	Thailand	70	32	South Korea	52	50	Russia	26
15	Vietnam	69	33	Guatemala	52	51	Rwanda	24
16	Argentina	68	34	Mali	47	52	Moldova	23
17	Indonesia	68	35	Peru	47	53	Bulgaria	16
18	France	65	36	Zambia	46	54	Georgia	12

Source: World Values Survey 2005-2008. Base is all individuals aged 50 and above. Percentages are rounded to the nearest integer. Note that Cyprus and South Africa are omitted from this table due to small bases (>100).

Financial satisfaction by country

- Swiss (87%); followed by Norway, Sweden and Finland (85, 84, and 83%).

- FCCs dominate lower ranks - Georgia lowest (12%); 6 of 10 countries with lowest FS are FCCs

- Africa - low FS (Rwanda, B. Faso, Egypt, Ethiopia)

- 80% of Older Brits satisfied; only 66% under 50s

Satisfaction with household financial situation of those aged 50+ by age group

Figure 1: Satisfaction of all those aged 50+ with their household's financial situation, grouped by age

Source: World Values Survey 2005-2008. Base is all individuals aged 50 and above. Percentages are rounded to the nearest integer.

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Table 2: Self-reported happiness of all those aged 50+, grouped by country

Rank	Country	Percentage happy(%)	Rank	Country	Percentage happy(%)	Rank	Country	Percentage happy(%)
1	New Zealand	97	19	Italy	87	37	Rwanda	76
2	Sweden	97	20	Jordan	87	38	Guatemala	75
3	Malaysia	96	21	South Korea	86	39	China	75
4	Norway	96	22	Poland	86	40	Ghana	75
5	Canada	95	23	France	86	41	Ethiopia	73
6	Indonesia	94	24	Mexico	85	42	Chile	72
7	United States	94	25	Argentina	85	43	Slovenia	71
8	Switzerland	93	26	Morocco	85	44	India	69
9	Netherlands	93	27	Turkey	85	45	Ukraine	65
10	Great Britain	93	28	Trinidad and Tobago	83	46	Zambia	61
11	Australia	92	29	Taiwan	82	47	Peru	61
12	Japan	91	30	Germany	82	48	Georgia	56
13	Brazil	91	31	Egypt	81	49	Russia	53
14	Thailand	91	32	Hong Kong	80	50	Serbia	50
15	Finland	90	33	Uruguay	80	51	Iraq	47
16	Vietnam	89	34	Burkina Faso	80	52	Bulgaria	46
17	Andorra	89	35	Mali	77	53	Romania	44
18	Spain	88	36	Iran	76	54	Moldova	33

Source: World Values Survey 2005-2008. Base is all individuals aged 50 and above. Percentages are rounded to the nearest integer. Note that Cyprus and South Africa are omitted from this table due to small bases (>100).

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Happiness by country

- New Zealand and Sweden 'top', 97% of people

- Similarities between Table 1 and Table 2 striking

- Of the 10 countries with highest FS, 8 also feature among the ten 'happiest'.

- 7 countries are in the bottom 10 of both FS and happiness

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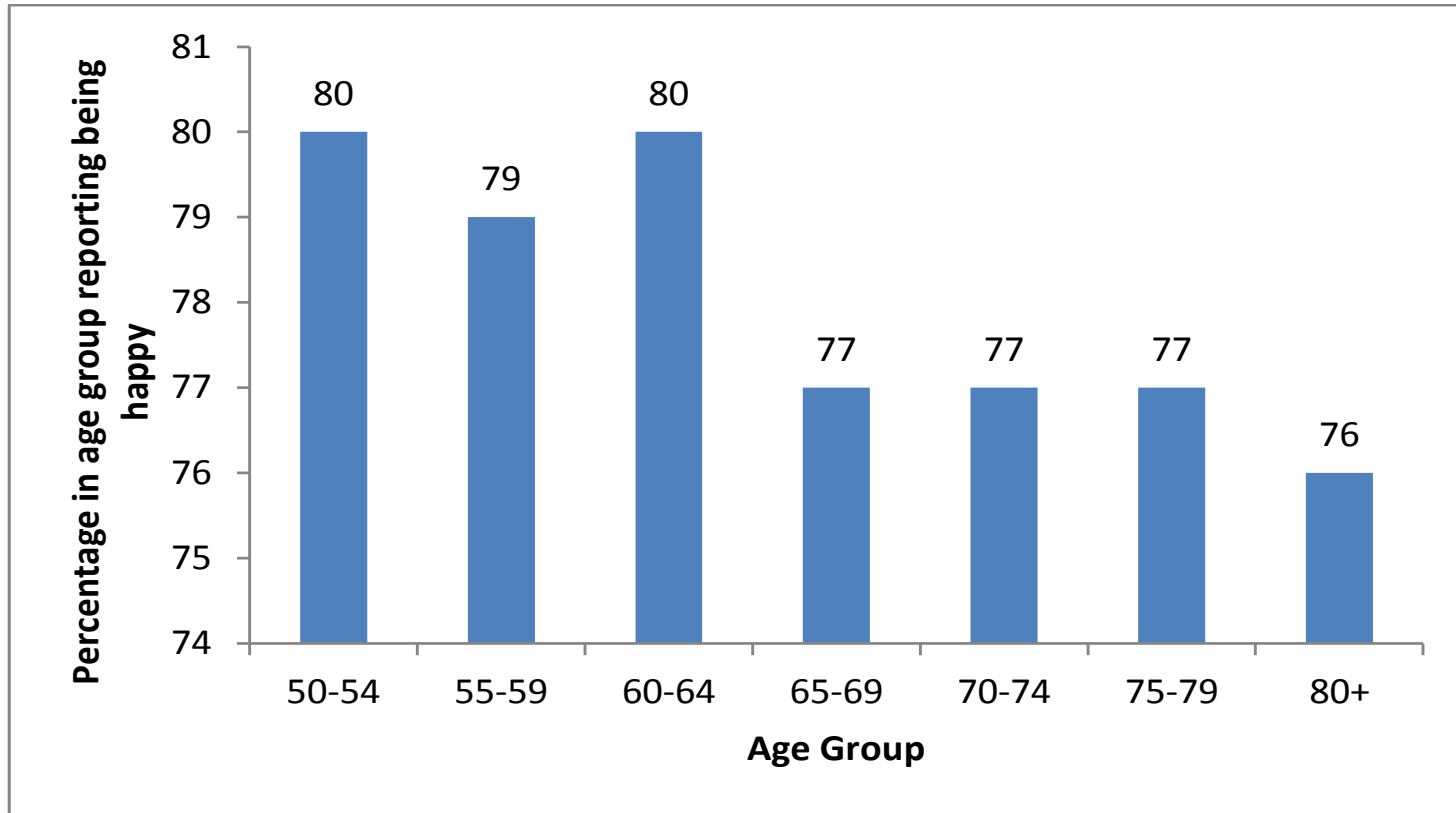
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Self-reported happiness of those aged 50+ by age group

Figure 2: Self-reported happiness of all those aged 50+, grouped by age

Source: World Values Survey 2005-2008. Base is all individuals aged 50 and above. Percentages are rounded to the nearest integer.

Multilevel modelling

- Multilevel modelling used to analyse hierarchies

- Which here is individuals nested within countries

- Allows exploration of complex data structures

- Simultaneous analysis of different levels of the dataset (i.e. at individual *and* country level)

- The models we run are two-level binomial logit models, using McMC estimation

Individual-level predictors of financial dissatisfaction among over 50s

- 50-54s 2* the odds of being dissatisfied (cf. 80+)

- Divorced = odds of 1.7; single = 1.3 (cf. married)

- Unemployed twice the odds of dissatisfaction

- Education a 'continuous relationship' with FS

- SR lower class 5* the odds of being dissatisfied

- Saving behaviour a highly significant predictor

Country-level predictors of financial dissatisfaction among over 50s

- After controlling individual-level characteristics:

- Lowest quartile of GDP 2.2*the odds (cf. highest)

- African countries 1.9*the odds of reporting FDS.

- Former Communist Countries 4*the odds of reporting financial dissatisfaction (cf. W.Europe)

- Income inequality not a significant predictor

Individual-level predictors of unhappiness among over 50s

- Similarly to financial (dis)satisfaction, and when controlling for other characteristics, survey wave, employment status, marital status, education, social class and savings behaviour are significant predictors of happiness.

- No. of children and gender now significant (men slightly more unhappy); age is not significant

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Country-level predictors of unhappiness among the over-50s

- After controlling individual-level characteristics:

- Lowest quartile of GDP 2.2*the odds (cf. highest)

- Continuing similarities to model of FS, those in European FCCs higher odds (3.6) of being unhappy than those in the rest of Europe.

- Income inequality (Gini) again not significant.

Table 3: Significant variables in predicting both financial dissatisfaction and unhappiness

| Variable entered into multilevel model	Significant predictor of financial dissatisfaction?	Significant predictor of unhappiness?	Significant predictor of both financial dissatisfaction and unhappiness?
Wave	✓	✓*	✓*
Gender	X	✓	X
Age group	✓	X	X
Marital Status	✓	✓	✓
Employment Status	✓	✓	✓
Number of children	X	✓	X
Education	✓	✓	✓
Self-reported social class	✓	✓	✓
Savings behaviour	✓	✓	✓
Gini Income Inequality	X	X	X
GDP per capita	✓	✓	✓
Geography	✓	✓	✓

*Borderline statistical significance

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Security and trust?

- Financial satisfaction rooted in…?

- Income in later life

  - Able and enabled to work

  - Filial piety

  - Established and reliable pension schemes?

Security and trust?
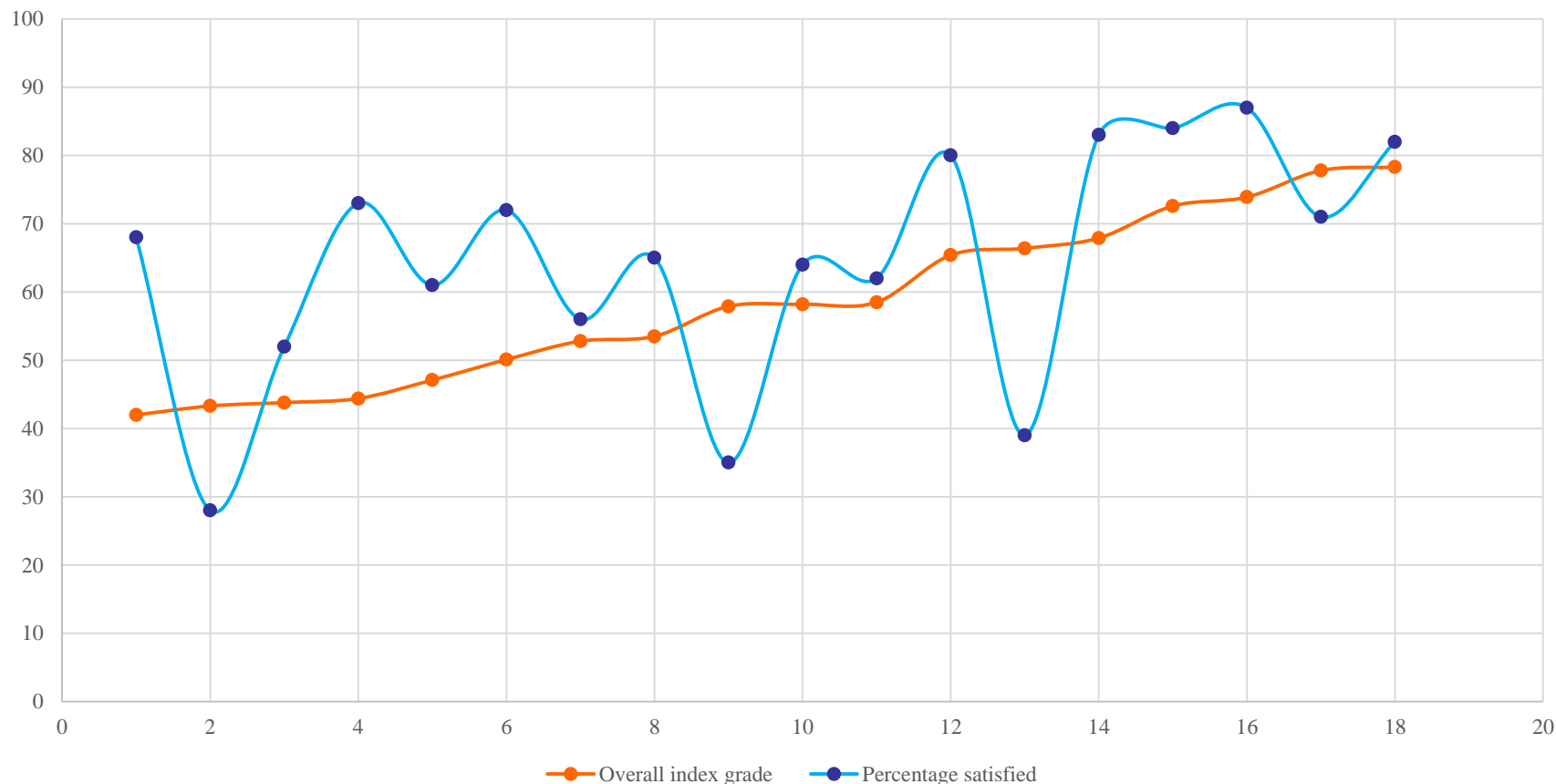
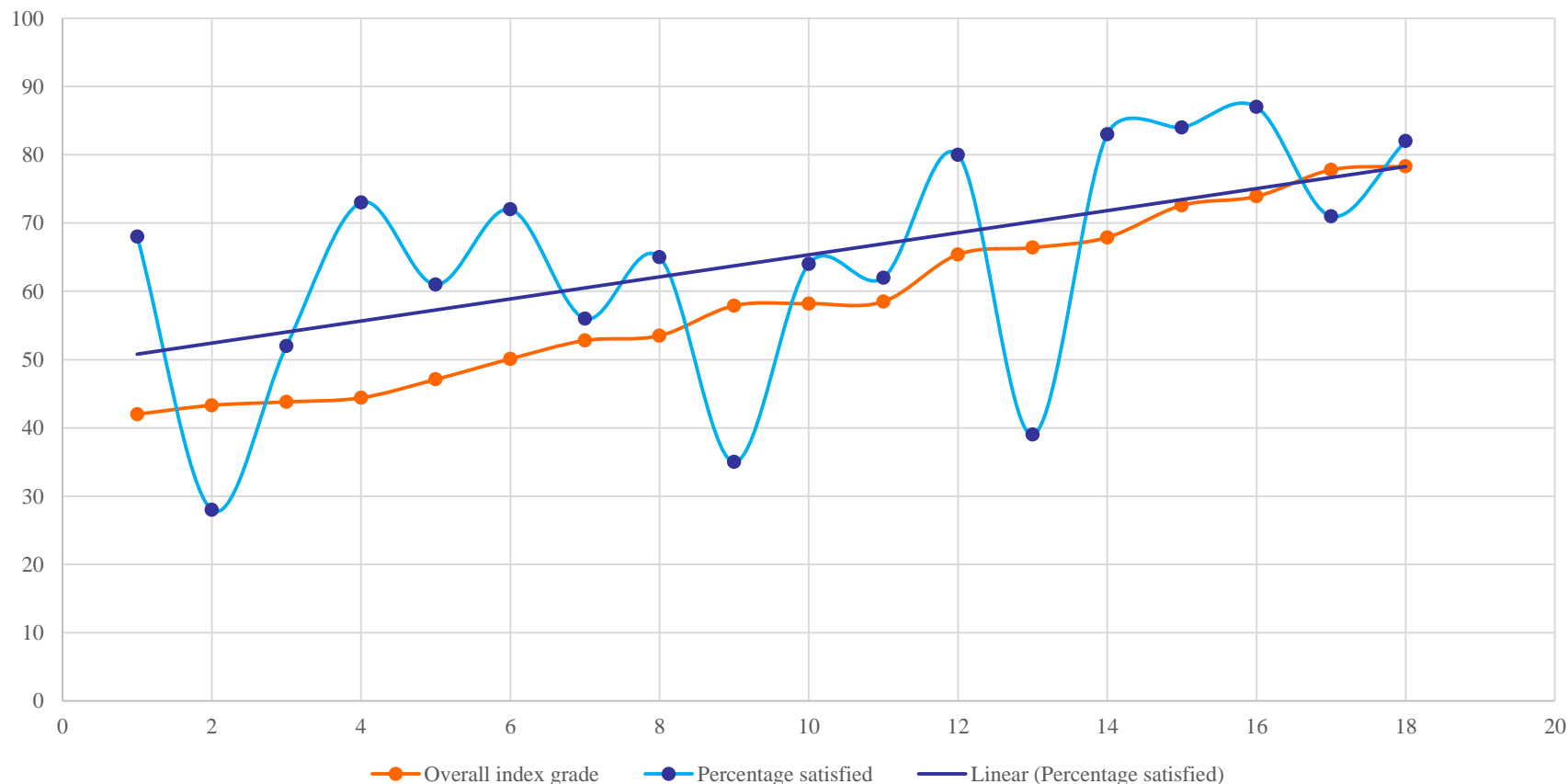Pension index grade v Percentage over 50s financially satisfied

Overall index grade from Melbourne Mercer Global Pension Grade 2013. http://globalpensionindex.com/2013/melbourne-mercer-global-pension-index-2013-report.pdf
Satisfaction level from PFRC analysis of World values Survey 2005-2008

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Security and trust?

Pension index grade v Percentage over 50s financially satisfied

Legend: Overall index grade — Percentage satisfied — Linear (Percentage satisfied)

Overall index grade from Melbourne Mercer Global Pension Grade 2013. http://globalpensionindex.com/2013/melbourne-mercer-global-pension-index-2013-report.pdf
Satisfaction level from PFRC analysis of World values Survey 2005-2008

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Final thoughts

- Some good news - 55% of over 50s report being satisfied with household financial situation

- Macroeconomic context
  - African countries 1.9x more likely to report FS
  - FCC 4x more likely (cf. W Europe)

- Self-categorisation – in socioeconomic class and for financial satisfaction

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Many thanks

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Websites with all outputs:

http://www.bristol.ac.uk/geography/research/pfrc/esrc/

www.ilcuk.org.uk