

Propensity to Plan, Financial Capability, and Financial Satisfaction

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Financial satisfaction is an important indicator of happiness that can be used to assess financial status subjectively. Propensity to plan is an indicator of financial capability that contributes to financial satisfaction. The purposes of this study were threefold: to examine 1) factors associated with propensity to plan, 2) the association between propensity to plan and financial capability factors, and 3) the association between propensity to plan and financial satisfaction after controlling for socioeconomic and other financial capability factors. Propensity to plan was measured by categorizing consumers as planners and non-planners based on their responses to a survey question about long-term planning. Using data from the 2015 U.S. National Financial Capability Study, the results showed that planners have unique socioeconomic characteristics compared to non-planners. In addition, propensity to plan was positively associated with four financial capability indicators: objective financial literacy, subjective financial literacy, desirable financial behavior, and perceived financial capability. Finally, propensity to plan was positively associated with financial satisfaction after controlling for socioeconomic and other financial capability factors.

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