

The Role of Locus of Control, Financial Literacy, and Retirement Planning in Predicting Life Satisfaction Among Older Women: Variations by Marital Status

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Abstract

Life satisfaction reflects an individual's cognitive evaluation of their overall life circumstances and is shaped by a complex interplay of psychological, behavioral, and socioeconomic factors. Global studies show that most people report moderate to high life satisfaction, yet these averages mask crucial gender patterns. Prior research highlights persistent gender disparities in financial outcomes, suggesting that psychological and behavioral factors such as locus of control, financial knowledge, and retirement planning play an essential role in shaping financial well-being and life satisfaction. This study examined how midlife psychological traits and behavioral factors shaped later life satisfaction among women, assessing the influence of locus of control, objective and subjective financial knowledge, and retirement planning measured ten years prior, and evaluated variations by marital status. Using data from 2012, 2014, 2020, and 2022 waves of the National Longitudinal Survey of Youth 1979 (NLSY79) and ordered probit regression model, the analysis focuses on 2,132 women aged 57 to 65. Results indicated that an internal locus of control and higher subjective financial knowledge were associated with high life satisfaction, while higher objective financial knowledge was linked to lower satisfaction. Retirement planning was not a significant predictor of subjective well-being. Marital status emerged as a significant factor in shaping life satisfaction. Married women were more likely to report high satisfaction, and divorced women who had planned for retirement were more likely to report lower satisfaction. These findings highlight the roles of psychological traits, financial factors, and marital status in shaping women's later life well-being.

Keywords: life satisfaction, locus of control, financial knowledge, retirement planning, older women

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