Predictors Of Financial Satisfaction: Differences Between Retirees And Non-retirees

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The main purpose of this study was to identify differences in factors that predict financial satisfaction among retirees and non-retirees and to ascertain how retirees and non-retirees differ in financial beliefs and behavior. Non-retirees were more likely than otherwise similar retirees to report worrying about finances. A higher proportion of non-retirees reported dissatisfaction with various aspects of their financial situation. However, non-retirees were more likely to perceive themselves as financially better off in comparison to others, or in relation to the past, than the retired respondents. Non-retirees were more optimistic about their future financial situation.

Key Words: *Financial situation, Retirees, Satisfaction*

Retirement refers to a condition in which an individual is forced or allowed to leave the labor market, or is employed less than full-time, and in which his or her income is derived, at least in part, from a retirement pension earned through past years of service as a job holder (Atchley, 1970). It is therefore the final phase of the occupational life cycle. The employment necessary to make retirement possible need not be continuous. Palmore, Fillenbaum and George (1984) caution that retirement is not synonymous with work cessation because many retirees go back to the labor market for post retirement employment.

Older Americans are the most rapidly growing population segment and are expected to constitute one fifth of the population by 2035 (Schulz, 1992). Moehrle (1990) predicted that people ages 65 and over will make up more than 23 percent of the population in 2030. Though the normal retirement age (NRA) is 65 years, most people retire before this age despite the unavailability of medical benefits until age 65 (Munnel, 1991). As the number of the elderly persons has increased, the average age of retirement has declined (Moon, 1990), and the number of retirees has therefore increased.

Cutler (1991) observed that the presence of people living longer is producing a population characterized by unparalleled financial as well as social, cultural, and political implications. Revealing factors that affect financial behavior and satisfaction among the retirees is therefore important for policy and educational implications.

The purpose of this study is therefore to identify differences in factors that predict financial satisfaction between retirees and non-retirees. Financial satisfaction among retirees and non-retirees is critical in that financial satisfaction has been found to influence overall quality of life (Andrew & Withey, 1976).

Review of the Literature

Socioeconomic Characteristics

Studies show that retirees and non-retirees differ in terms of age, income, educational level, economic characteristics, and environmental factors. Larger proportions of retirees than non-retirees were married (70% verses 68%), and persons with less education were more likely to be retirees (Schwenk, 1990). Older persons have lower incomes on the average than younger ones, partly because the income of older persons is usually reduced by one third to one half after retirement (Harris, 1986). Between 1980 and 1988, however, incomes increased by 20% for those 65 and over, compared with 14% for those between 15 and 64 (Moon, 1990). The distinction between absolute income and relative income is very important when talking about retirees and non-retirees. Relative income is adjusted for household size and other living expenses that differ between the two groups. This explains, in part, why the same income level may be adequate for some families and not others. Further, this explains why similar income

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levels create different levels of satisfaction at different stages in the life cycle (Moon, 1990; Schwenk, 1990).

On average, the real disposable income of retirees may approach that of the population at large, taking into account smaller household size, home ownership and in-kind income (Stoller & Stoller, 1987).

Spending and Saving Behavior

The life cycle hypothesis posits that households will attempt to maintain a constant consumption during their life times. To do this, they borrow during the early years of household formation, repay debts and save during their peak earning years, and then dissave during retirement (Hogarth, 1989). Recent research has shown that households do not behave exactly according to this hypothesis and that dissaving during retirement is at a lower level than expected (Wilcox, 1991). Nearly half of retired households continue to save after retirement. Factors that contribute to after-retirement saving are uncertainties about health, length of life, and financial security (Stoller & Stoller, 1987). Some studies have looked at the spending behavior of older adults, especially retirees. Like other cohorts, the elderly have different spending behaviors depending on the level of income and involvement in the labor market after retirement (Moehrle, 1990).

Schwenk (1990) compared retired and employed households aged 55 and 65 and found that retirees' spending was two thirds that of employed households. The study found that the retired people had a greater inclination to purchase leisure items and health care but a lower inclination to buy necessities and to make charitable contributions. The older population becomes more cautious about spending in the later stages of the life cycle.

Stoller & Stoller (1987) found that older people are motivated to be prudent in their daily living expenses, saving as much as possible against the day they may require long-term institutional care. In their study, they compared savers and spenders and concluded that savers were more likely to face health or functional impairments: either their own or those of other members of their household. Even when the elderly spend, the study shows they spend less on transportation, clothing, and other requirements of working life than younger people.

Financial Satisfaction

Financial satisfaction has been used in models predicting life satisfaction and other measures of subjective well-being (George, 1992; Davis & Helmick, 1985). It is logical to assert that a sense of financial well-being depends not only upon objective and subjective measures of the financial situation, but also on how a person perceives objective attributes of the financial situation after comparing those attributes against certain standards of comparison (Porter & Garman, 1993). Financial satisfaction refers to the subjective evaluations of the degree to which ones financial resources are adequate versus inadequate, or satisfactory versus dissatisfactory (Andrew & Withey, 1976). The financial satisfaction variable has been measured differently by various researchers. Subjective measures have included variables like perception of past and future financial outcomes, perceptions of income adequacy (Keith, 1985), and satisfaction with overall economic condition including debt, savings, and income (Hira, 1993).

Another subjective measure that has been used to measure financial satisfaction has been personal locus of control. Locus of control is defined as a person's estimate of the possibility that a given behavior will keep him from attaining what he is striving for. A weak sense of personal locus of control may interfere with one's ability to cope with an economic situation. Objective indicators to measure financial satisfaction include size of levels of income, assets, savings, and net worth (Hira, 1993).

The concept of financial satisfaction has also been measured using several items as indicators or using just one item as an indicator, such as satisfaction with income, satisfaction with financial situation in general, or satisfaction with level of living. Satisfaction with financial situation seems to be the broadest measure of the variables, eliciting evaluations of the overall financial situation. George (1992) concluded that both subjective and objective measures are important in the assessment of financial satisfaction.

Factors Influencing Financial Satisfaction

Mammen (1983) found that an individual's perceptions of the future affected his or her current perception of economic well being. According to Davis and Helmick (1985), an objective indicator of the households' financial circumstances, either income or net worth, has a significant direct influence on the measure of financial satisfaction. However, the best predictors of financial satisfaction in their study were desire for financial improvement and perceived change in financial condition.

Sumarwan and Hira (1993) reported that income and age were both positively and significantly related to satisfaction with financial status. Perception of income inadequacy has also been found to be positively correlated with financial satisfaction. There is consistent evidence that older adults are more satisfied with their overall resources than young or middle-aged adults (Herzog & Rodgers, 1981). George (1992) found that financial satisfaction does not decrease with length of time since retirement. However, researchers have found that there is less variability in financial satisfaction among the elderly compared with the non-elderly (Hennon & Burton, 1986).

Although financial satisfaction is positively related to income, it is not determined by income alone. Low income is not always associated with dissatisfaction nor does a high income guarantee economic satisfaction. Studies have shown that income only indirectly influences financial satisfaction. Liang and Fairchild (1979) assert that where income has been found to influence satisfaction, the influencing variables have not been explicitly considered. Liang and Fairchild also found that relative deprivation is a useful intervening variable between income and financial satisfaction. If an older person has a relatively low income but believes he is better off than his reference others, he is likely to be satisfied. Conversely, an aged person with higher income may be dissatisfied because he feels he is worse off than his peers (Liang & Fairchild, 1979).

Kostelecky (1994) found that age, income, and asset value were all significant predictors of financial satisfaction for retirees. In this study chronic health conditions were also found to be positively related to satisfaction with financial situation. Large health costs can put a heavy strain on the financial resources of the retirees and deplete what may already be a meager lifestyle. Kostelecky (1994) also found lower age and higher income to be predictors of financial satisfaction among older retirees compared with younger retirees.

Objectives of the Study
1. To establish differences in financial beliefs and behavior between retirees and non-retirees.
2. To ascertain differences in socioeconomic and financial factors that predict financial satisfaction for retirees and non-retirees.
3. To ascertain if self-image and spending behavior predicts financial satisfaction among retirees and non-retirees.

Methods

Sample Description
The random sample was acquired through *Services of Survey Sampling of Connecticut*. The questionnaires were mailed during autumn of 1995 to 2,000 Iowans. Approximately 11% (215) of the questionnaires were returned incomplete because of incorrect addresses. Of the remaining 1,785 questionnaires, a total of 540 were completed – a response rate of 30%. Because of the elimination of unusable questionnaires, the final number was reduced to 529. In this study, those who indicated that they were retired (N=111) were compared with those who indicated they were not retired (N=418).

For the entire sample (N=529), results showed that the mean income was $52,192 (median = $45,000), and the mean age was 50 years (median = 48 years). Most respondents were males (70%) and married (73%). A majority (62%) had some college education or higher degrees, whereas 38% had a high school education. Fifty-four percent (54%) of the respondents were employed outside the home while 20% reported being retired.

Dependent Variable
Satisfaction with Financial Situation A variety of specific measures of financial satisfaction have been used in research. Some studies elicit self-reports of satisfaction with one's general financial situation, while others tap more specific dimensions of financial satisfaction (George, 1992). Campbell, Converse and Rodgers (1976) suggested that domain assessments may be more stable and probably more reliable than the more global reports of well-being. In this study, responses were obtained from a series of statements seeking respondents' satisfaction with various aspects of their financial situation. These aspects included satisfaction with:
1. Regular monetary savings,
2. Current debt level,
3. Family's current financial situation,
4. Ability to meet long-term financial goals,
5. Ability to meet financial emergencies, and
6. Money management skills.

The responses were recorded on a five-point Likert Scale ranging from 1 = Very Dissatisfied to 5 = Very Satisfied. For descriptive statistics (chi-square), the categories were collapsed into agree and disagree. For the inferential statistics, the whole scale was used, and items summed, to obtain a financial satisfaction index, (reliability coefficient: $\alpha = .89$).

Independent Variables: *Socioeconomic and Demographic Factors*

Income This variable was measured by asking the respondents to state their total household income before taxes. Previous studies have found that there is a nonlinear relationship between income and financial satisfaction (Vaughan, 1980). A test for linearity was done by plotting income residuals against residuals of predicted values of the dependent variable. The plot showed that the relationship between income and the financial satisfaction was quadratic. To correct this, income was squared. However both income and income squared were included in the correlation matrix and regression equation.

Marital Status: Various categories were given in the response set. These were: married, cohabiting, single, divorced, and widowed. Married and cohabiting were combined into the category "Married/Cohabiting," and all others were combined into the category "Single." For the regression model, the marital status was treated as a dummy variable with single = 0 and married = 1.

Self-image: Evaluations, perceptions, or appraisals of situations or events in general have been associated with individuals' self-image and emotions (Lazarus, 1991). This variable was measured by asking respondents how they felt about themselves. The statements were:

1. I take a positive attitude toward myself;
2. I am a person of worth;
3. I am able to do things as well as other people; and
4. On the whole, I am satisfied with myself.

The responses were recorded on a four-point scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree, (reliability coefficient: $\alpha = .87$).

Independent Variables: *Subjective Financial Factors*

Comparative Financial Situation Liang et al. (1977) referred to comparative financial situations as perceived relative deprivation. In their study, relative deprivation was measured by comparisons of personal income levels with those of others, and comparisons of current with past income. In this study, respondents were asked to assess their family's current financial situation compared with:

1. Other families;
2. Their own situation five years ago; and
3. Their expectations for the future five years from the time of the study.

These were treated as three separate variables and the responses were recorded on a five-point Likert Scale ranging from 1 = Much Worse to 5 = Much Better.

Financial Concerns George (1992) points out that many aspects of financial security in later life have not been exhaustively studied. The author hypothesized that older adults are more likely to be concerned with their financial security than younger adults for fear that economic resources will be insufficient for increased future needs, especially related to health care. This variable was measured by asking the respondents:

1. How often they worry about their finances;
2. Whether their financial problems interfere with their daily activities; and
3. Whether their financial problems interfere with their relationships.

The responses were measured on a five-point Likert Scale ranging from 1 = Never to 5 = Very Often. The three items were summed as an index, and the reliability coefficient was $\alpha = .84$.

Spending Behavior Uncontrolled and unplanned spending may lead to serious financial problems and feelings of depression (Edwards, 1993). For this research, respondents were given a series of nine items depicting various excessive spending behaviors and were asked to respond on a four-point scale where 1 = Strongly Disagree and 4 = Strongly Agree. These items were adapted from Edwards (1993) study of compulsive buying behavior. The responses to these items were added to form a spending behavior index on which a low score indicates controlled spending and a higher score indicates excessive spending. These scores were summed to create an index of spending behavior (reliability coefficient was $\alpha = .87$).

Analysis

Descriptive statistics (means and chi squares) were computed to establish the differences between retirees and non-retirees. For the continuous variables, age and income, a standard T-test was computed and used to establish the difference between the means. For categorical variables, the chi-square test was used to establish the difference between the two samples.

Pearson Product Moment correlations were computed to determine the relationship between the dependent and independent variables, between independent variables, and to reveal multicollinearity. Since there were no high correlations among the independent variables, multicollinearity was ruled out.

Independent variables correlated with the dependent variable were entered into the regression equation as predictor variables. Two separate regression equations were computed for the retiree and non-retiree samples.

Results

Socioeconomic and Demographic Factors

As Table 1 shows, the retirees were significantly different from the non-retirees in their socio-demographic characteristics. A higher percentage of the non-retirees reported never being married (10%), compared with the retired respondents (3%). Most retirees (59%), compared with non-retirees (33%) had a high school education or lower. As expected, the mean age for the retired group was higher (70 years), compared with the mean age for the non retired (45 years), and this difference was statistically significant. Similarly, the mean household incomes for the retirees and non-retirees were significantly different, with the retirees' incomes generally being less than the non-retirees' incomes. However, in both samples the distribution of males and females was similar.

Table 1
Socioeconomic Characteristics of Retirees and Non-retirees

	Non-Retiree %(N)	Retiree %(N)	χ^2
Marital status	(417)	(107)	8.2*
Never married	10.3	2.8	
Married/ cohabiting	75.3	75.7	
Separated/ widowed/ divorced	14.4	21.5	
Years of education	(412)	(107)	26.7 ‡
High school	32.8	58.9	
Some college	30.1	20.6	
Graduate level or higher	18.0	14.0	
Gender	(415)	(104)	.91 ‡
Male	76.4	80.8	
Female	23.6	19.2	
Mean age	45	70	t= -20.32‡
Mean income	$56,360	$36,761	t= 3.59 ‡

* = significant at p<.05 ‡= significant at p<.001

Financial Beliefs and Behavior of Retirees and Non-retirees

Retirees and non-retirees were significantly different in their perceptions of their financial situation (Table 2). These two groups significantly differed in their perception of financial situations in all three areas: Perceived financial situation compared with other families, compared with the past, and future financial expectations. A larger proportion of non-retirees (54%), compared with retirees (47%), indicated that they perceived their financial situation to be better compared with others. A significantly larger portion of non-retirees (67%), compared with retirees (44%), perceived their current situation to be better than their past situations. Similarly, a larger proportion of non retirees (69%) than retirees (25%) expected their financial situation to improve in the future. Based on these results, it may be concluded that non-retirees were more likely than retirees to report positive perceptions of their financial situation. They felt they were financially better off compared with the past and better off than others similar to themselves, and more of them were optimistic about their future financial situation.

Table 2
Perceived Comparative Financial Situations among Retirees and Non-retirees

	Non-retirees %(N)	Retirees %(N)	χ^2
Financial situation compared to others	410	102	6.1*
Worse	10.0	4.9	
Same	36.1	48.0	
Better	53.9	47.1	
Financial situation compared to past	(413)	(102)	27.0 ‡
Worse	12.3	10.8	
Same	20.3	45.1	
Better	67.3	44.1	
Financial situation expected in future	(414)	(101)	66.9 ‡
Worse	7.2	22.8	
Same	24.2	52.5	
Better	68.6	24.8	

* = significant at p<.05 ‡= significant at p<.001

Retirees and non-retirees were significantly different in their financial concerns as well (Table 3). A significantly larger proportion of retirees (40%), compared with non-retirees (16%), indicated that they never worried about finances, and that their worries do not interfere with their daily life (85% versus 68%). Similarly, a significantly higher proportion of retirees (82%) compared with non-retirees (68%) reported that financial worries did not interfere with their relationships.

Table 3
Financial Concerns of Retirees and Non-retirees

Statement	Non retiree %(N)	Retiree %(N)	χ^2
Worry often about finances	(416)	(108)	29.3 ‡
Never	16.3	39.8	
Sometimes	46.6	38.0	
Often	37.0	22.2	
Worries interfere with daily work	(417)	(107)	13.9 ‡
Never	68.1	85.0	
Sometimes	23.3	14.0	
Often	8.6	0.9	
Worries interfere with relationships	(415)	(107)	11.2*
Never	68.0	82.2	
Sometimes	23.6	16.8	
Often	8.4	0.9	

* = significant at p<.05 ‡= significant at p<.001

A majority of both retirees and non-retirees were satisfied with various aspects of finances (Table 4). Campbell et. al., (1976) reported that there are positive correlations between all of the domain satisfaction measures. People who say they are satisfied with one aspect of life are likely to report relatively high satisfaction where other domains are concerned. A significantly larger proportion of non-retirees (57%) than retirees (35%), reported that they were dissatisfied with their savings level, and debt level (39% versus 9%). Similarly, a significantly larger proportion of non-retirees than retirees were dissatisfied with their general financial situation (33% compared with 15%), and their ability to meet financial emergencies (36% versus 15%). Given that 76% of the retirees in this study were over 65 years, these results are consistent with the results of Herzog and Rodgers (1981), that older adults are more satisfied with their financial resources than young or middle-aged adults.

Table 4
Levels of Reported Dissatisfaction with Various Aspects of Financial Situation

Factor	Non-retirees % (N)	Retirees % (N)	χ^2
Level of savings	56.6 (414)	35.0 (100)	13.6 ‡
Current debt level	35.8 (411)	9.1 (99)	26.7 ‡
Current financial situation	33.2 (413)	15.7 (102)	11.9 ‡
Ability to meet long term goals	27.8 (413)	12.9 (101)	9.7 ‡
Ability to meet financial emergencies	35.4(413)	14.7(102)	16.2 ‡
Money management skills	30.0 (413)	19.6 (102)	4.4*

* = significant at p<.05 ‡= significant at p<.001

Spending Behavior

Most respondents, retirees and non-retirees alike, did not engage in excessive or unplanned spending behavior. Among those who did exhibit various types of excessive buying behavior, the majority were non-retirees rather than retirees. For example, a significantly higher percentage of non-retirees (23%) compared with the retirees (15%) reported buying without need. Though the frequencies relating these data were small, twice as many non-retirees as retirees (4% versus 2%) reported feeling driven to shop even when they didn't have time or money. Other areas in which the groups significantly differed included: buying what they cannot afford (non-retirees 10%; retirees 4%), spending behavior creating debt problems at home and work (non-retirees 13%; retirees 4%), and shopping to celebrate (non-retirees 23%; retirees 17%).

Correlation Results

Pearson Product Moment correlations were used to establish the relationship between the independent and dependent variables. Results presented in Table 6 show that for the group of non-retirees, there was a significant and positive correlation between financial satisfaction and various socioeconomic characteristics, age, marital satisfaction, education, and household income. Older, married, more educated, and those with higher incomes reported being more satisfied with their financial situation than those who were younger, single, less educated, or with lower incomes. Self-image was positively related to financial satisfaction.

Table 5
Reported Spending Behavior Among Retirees and Non-retirees

Statement	Non retiree %(N)	Retiree %(N)	χ^2
I buy without need	(416)	(107)	8.9*
Strongly disagree	34.4	49.5	
Disagree	42.3	35.5	
Agree	23.3	15.0	
I feel driven to shop	(417)	(107)	7.1*
Strongly disagree	67.1	80.4	
Disagree	29.0	17.8	
Agree	3.8	1.9	
I cannot resist sales	(417)	(108)	1.4
Strongly disagree	59.0	61.1	
Disagree	32.6	27.8	
Agree	8.4	11.1	
I buy things as often as I can	(417)	(107)	4.3
Strongly disagree	62.6	65.4	
Disagree	34.5	28.0	
Agree	2.9	6.5	
I am preoccupied with shopping	(417)	(107)	4.1
Strongly disagree	72.2	74.8	
Disagree	26.6	21.5	
Agree	1.2	3.7	

I buy unplanned items	(417)	(107)	.35
Strongly disagree	40.3	43.0	
Disagree	38.8	38.3	
Agree	20.9	18.7	
My spending habits create chaos	(415)	(107)	5.7*
Strongly disagree	70.8	82.2	
Disagree	25.1	15.9	
Agree	4.1	1.9	
I buy what I cannot afford	(415)	(107)	18.1 ‡
Strongly disagree	57.1	79.4	
Disagree	32.5	16.8	
Agree	10.4	3.7	
My spending creates debt problems	(415)	(108)	23.1 ‡
Strongly disagree	58.6	83.3	
Disagree	28.9	13.0	
Agree	12.5	3.7	
I have secretive shopping habits	(415)	(107)	8.4*
Strongly disagree	69.9	81.3	
Disagree	25.1	18.7	
Agree	5.1	-	
I shop to celebrate	(417)	(107)	9.7*
Strongly disagree	40.3	57.0	
Disagree	36.9	26.2	
Agree	22.8	16.8	

* = significant at p<.05 ‡= significant at p<.001

Table 6
Pearson Product Moment Correlations between Financial Satisfaction and Independent Variables

Variable	Non-retiree	Retiree
Age	.162‡	.112
Gender	-.088	-.092
Marital status	-.125*	.076
Education	.114*	.094
Income	.102*	.100
Self-image	.395‡	.409‡
Financial concerns	-.641‡	-.635‡
Perceived financial situation compared with other families	.639‡	.492‡
Perceived financial situation compared with the past	.480‡	.354‡
Future financial expectations	.078	.386*
Income	.249‡	.244*
Spending behavior	-.367‡	-.208*

* = significant at p<.05 ‡= significant at p<.001

Satisfaction with current financial situation was higher among those who perceived their financial situation as better compared with others. Similarly, the perception that the current financial situation is better than past financial situations was positively correlated with financial satisfaction. There was a significant and negative relationship between *worry about finances* and satisfaction with financial situation, indicating that those who reported being worried about finances were less satisfied with their financial situation.

Similarly, significant and negative correlation between the spending behavior index and satisfaction with finances, indicating that those who reported excessive or unplanned spending behavior were less satisfied with their financial situation.

Among retirees, financial satisfaction was significantly correlated with respondents' perception of their comparative situation. They were more satisfied if they perceived their financial situation to be better than others, or their financial situation to be better than the past, Financial satisfaction was negatively related to financial, and spending behavior. However, satisfaction with finances was positively and significantly related to self-image. For the retirees, unlike the non-retirees, perceived future financial expectations were significantly related to financial satisfaction. Retirees who expected their future financial situation to improve, reported being more satisfied with their current financial situation. On the other hand, respondents who had financial concerns, low self-image, or excessive spending behavior were less satisfied with their financial situation.

Unlike the non-retired sample, age, marital status, and education were not significantly correlated with financial satisfaction. However, perceived financial expectations were strongly correlated with financial satisfaction for the retirees but not for the non-retirees, implying that those non-retired and therefore mostly younger respondents were not worried about their future financial situation.

Regression Results

Stepwise regression analyses were used to ascertain factors that are significant in predicting financial satisfaction among the retirees and non-retirees. For the non-retirees (Table 7) 60% of the variance in the level of satisfaction was explained by variables included in the final regression model. The regression model was significant The significant variables were: perception of financial situation compared with others, perceptions of financial situation compared with the past, current financial concerns, and spending behavior. These findings suggest that a sense of financial well-being depends not only upon objective and subjective measures of financial situation, but also on how a person perceives objective attributes of the financial situation after comparing those attributes against certain standards of comparison: like peer groups and past financial experience. These results are consistent with findings reported by Porter and Garman, (1993). They concluded that subjective, value-related perceptions of the financial situation provide insights into the variability of self-reported levels of financial well-being. Financial concerns explained 37% of the variance in financial satisfaction. Another significant predictor of financial satisfaction among the non-retirees was spending behavior. Results showed that excessive or unplanned spending behavior resulted in dissatisfaction with financial situations. This is an important finding because it means that those who practice excessive buying behavior are not satisfied with their financial situation, yet they still adhere to those buying behaviors. This finding does not support findings by Wilhelm et al. (1993), that people who believe in spending are more likely to be satisfied, that spending money made people feel good or powerful, and therefore more satisfied.

The regression model for the retirees was also significant. However, only three variables in the model were significant in predicting financial satisfaction. These were perceptions of financial situation compared with other families, financial concerns and spending behavior. For the non retirees, spending behavior explained 37% of the variance while for the retirees, spending behavior explained 23% of the variance. This denotes that spending behavior is a stronger predictor of financial satisfaction among the non retirees compared to the retirees. The fact that socioeconomic factors were not significant predictors of financial satisfaction for either retirees or non-retirees has important implications. Results emphasize subjective nature of financial satisfaction which is predicted mostly by perceptions of one's self, and perceptions of one's self in reference to either other groups or times. The variance explained by the hypothesized predictors for the retirees was also 61%.

Table 7
Predictors of Financial Satisfaction for Retirees and Non-retirees

Predictors	Non-retirees Beta	Retirees Beta
Perceived financial situation compared with other families	.321 ‡	.327 ‡
Perceived financial situation compared with past	.165 ‡	-
Financial concerns	-.384 ‡	-.503 ‡
Spending behavior	-.367 ‡	-.233*
F test	132.86 ‡	19.36 ‡
R^2	.604	.532

* = significant at p<.05 ‡= significant at p<.001

Neither income nor income squared were significant in predicting financial satisfaction. Although income is correlated with financial satisfaction, it only becomes a significant predictor through intervening variables. It appears that financial satisfaction was a function of perceived discrepancies between financial aspirations and economic achievements. George (1992) suggested that for older people, financial satisfaction appeared to be a function of the degree to which older persons feel deprived relative to their peers and to their past economic status. Future studies should identify other intervening variables that mediate the relationship between socioeconomic factors and financial satisfaction.

Conclusions and Implications

Based on the results of this study, it can be concluded that two groups of respondents, non-retirees and retirees, differed in some of their financial beliefs and behaviors. Despite the reported lower mean income among the retirees, more retirees than non-retirees were satisfied with their current financial situation. Vaughan (1980) also reported similar findings -- that income is not linearly related to financial satisfaction.

In this study, even though self image was not found to be a predictor of financial satisfaction, it was found to be highly and significantly correlated with financial satisfaction. The importance of self-image as a predictor of financial satisfaction among the non-retirees was an important finding with significant implications for financial advisors and educators. Assessment of self-image, factors that influence self-image, and strategies to build self-image, are areas that should be addressed. Financial advisors should guard against overlooking clients' self-esteem or self-image and financial beliefs (subjective factors) and not concentrate on objective factors such as clients' income, debt, savings, etc.

Other factors that significantly predicted financial satisfaction for the non-retirees included perceptions of financial situation compared with others and in relation to the past. This finding is similar to findings reported by George (1992), indicating that relative deprivation causes financial dissatisfaction despite the respondents' level of financial resources. Perception of a future financial situation was not found to be a predictor of financial satisfaction for the retirees or non-retirees. Evidently, people were more worried about their immediate needs, and satisfaction of those needs, rather than what the future may bring. Stoller and Stoller (1987) noted that older, retired persons cannot adequately anticipate their financial expenses because of uncertain longevity and unpredictable health problems. It is not surprising then, that those who perceived their future financial situation as positive were more satisfied with their financial situation. It may be that the retirees approach the future with concern about their declining health and the increased costs that follow, rather than specifically focusing their concern on finances. Among the retirees, two variables, perception of current financial situation compared with the past and financial concerns, were significant predictors of financial satisfaction. Though the variable, financial concern, was a significant predictor for both retirees and non-retirees; it explained more variance in financial satisfaction among the retirees compared with the non-retirees.

This study has established that financial satisfaction among retirees and non-retirees is a function of perception of comparative financial situation, and spending behavior. For both the retirees and non retirees, financial concern , spending behavior and perception of comparative financial situation were significant predictors of financial satisfaction. Advice related to spending behavior should therefore focus more on both the employed and the retired. These findings make an important point for financial advisors and educators: though both the retired and the non retired differ in some financial beliefs ans behaviors, the factors predicting financial satisfaction were the same for the two groups; therefore, when advising or developing educational materials, both groups must be considered. Due to the high predictive value of financial concern among the retirees, Practitioners interested in serving retirees may want to focus on understanding what financial concerns retirees have and helping them reduce those concerns.

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