Review of Family Financial Decision Making: Suggestions for Future Research and Implications for Financial Education

Jinhee Kim,[a] Michael S. Gutter,[b] and Taylor Spangler[c]

This article reviews the theories and literature in intrahousehold financial decisions, spousal partners and financial decision making, family system and financial decision process, children, and financial decisions. The article draws conclusions from the literature review and discusses directions for future research and educational programs. Most financial education and counseling takes place at the individual level, whereas financial decisions take place at household and intrahousehold levels. Family members, spouses/partners, children, and others play a key role in individuals' financial decisions. The article proposes the key programmatic implications for financial professionals and educators that need to be integrated into financial education and counseling. Understanding the unique dynamics of family financial decision making would help create effective educational and counseling strategies for the whole families.

Keywords: financial decision, family financial decision, family system, financial socialization

Family is the most influential group that develops individuals' financial behaviors. Family decision makers make decisions on behalf of all family members, including financial ones. Family is considered as the decision-making unit for many economic activities. Economic models dominate the research on financial decisions such as income, spending, savings, borrowing, asset accumulation, and investing, mostly at individual or household levels. In the traditional utility model, the household is assumed to operate as one decision-making unit, pooling resources together to maximize utility (Becker, 1974, 1981; Bernasek & Shwiff, 2001). Under the assumption of this model, the head of household makes financial decisions on behalf of other household members (Becker, 1981). Single households differ from married households or those with children in making financial decisions, because marital status and children affect needs, resources, risks, and preferences of individuals (Love, 2010). However, theoretical and empirical research has found that the dynamics of control and management of money within the family seem more complicated than the decisions of a single householder (Bertocchi, Brunetti, & Torricelli, 2014; Mader & Schneebaum, 2013). Furthermore, individual and family characteristics beyond economic factors affect financial decisions. Individuals' decisions are influenced by various settings, conditions, and changes over time. Individuals interact and are directly influenced by family, and family often shapes individuals' money beliefs, attitudes, management style, and behaviors.

Although the majority of existing literature focuses on financial decisions at individual and household levels, individuals do not make decisions alone, and their decisions are affected by families. However, there has been a paucity of research on the process of family financial decision making. In this article, we focus first on the spouses/partners and their financial decisions within the family. This includes economic theories, family decision arrangements, the effects of women's resources, and gender differences in financial decisions. Researchers have acknowledged the gender inequity in financial decision arrangements (Bertocchi et al., 2014;

[a]Professor and Extension Specialist, 1142 School of Public Health, Bldg. 255, Department of Family Science, School of Public Health, University of Maryland, College Park, MD 20742. E-mail: jinkim@umd.edu
[b]Associate Dean for Extension & State Program Leader for 4-H Youth Development, Families and Communities Institute of Food & Agricultural Sciences, University of Florida, 1038 McCarty Hall, Gainesville, FL 32611. E-mail: msgutter@ufl.edu
[c]FCS Extension Program Coordinator, UF/IFAS Extension, University of Florida Institute of Food & Agricultural Sciences, 2142 Shealy Dr. Gainesville, FL 32611. E-mail: tspangler@ufl.edu

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http://dx.doi.org/10.1891/1052-3073.28.2.253

Grabka, Marcus, & Sierminska, 2015; Mader & Schneebaum, 2013). The subsequent discussion addresses gender and cultural differences as well as communication and conflict resolution. Finally, we incorporate discussion of the role of children in financial decisions including child and family financial decisions, child as a decision maker, children and family characteristics in financial decisions, financial socialization, and children from households with limited resources.

The synthesis of the literature suggests that family plays key roles in individuals' financial decisions. Family financial decision-making is a unique and dynamic process that family develops over time. Findings suggest critical implications for financial education and counseling fields. Most financial education programs target individuals, many of whom do not make decisions alone, but in a family system. In the following sections, we propose programmatic implications for financial professionals.

Spousal Partners and Financial Decisions Within the Family

Research on intrahousehold financial decisions has mainly focused on financial decision arrangements between adults within households, specifically married heterosexual couples, such as individual (husband or wife) and joint decisions. Very few studies are available about the financial decisions of cohabitating couples (Smock, Manning, & Porter, 2005; Webster & Reiss, 2001) and same sex couples (Webster & Reiss, 2001). This literature review is primarily based on research on heterosexual married couples. In Western countries, most couples report that they make joint decisions. Although women in families are less likely to report that they are in charge of making family financial decisions than men, women's involvement in household decision making has increased in the last few decades (Babiarz, Robb, & Woodyard, 2012; Bernasek & Bajtelsmit, 2002; Bertocchi et al., 2014; Mader & Schneebaum, 2013). Both partners affect financial decisions, even if the influences from husband and wife may not necessarily be equal.

Economic Frameworks About Family Decision Arrangements

Traditional economic models assume that the households behave as a single entity with the same preferences of pooling resources (i.e., the utility model). However, the critique has been made that heterogeneity in individual preferences was disregarded in this model and was not assumed to influence family financial decision making (Mader & Schneebaum, 2013). In response to these criticisms, the bargaining model has gained more traction in explaining family decision making. In the cooperative bargaining framework, each partner has different preferences, but individuals with more power in households are likely to make financial decisions (Bertocchi et al., 2014). Spouses with more bargaining power (more resources) can influence household decisions in favor of his or her preferences (Yilmazer & Lyons, 2010). A number of studies found supporting evidence for the bargaining model in spousal financial decision making in savings, spending, investing, and insurance (Addoum, 2014; Babiarz et al., 2012; Bernasek & Bajtelsmit, 2002; Browning, Bourguignon, Chiappori, & Lechene, 1994; Dobbelsteen & Kooreman, 1997; Elder & Rudolph, 2003; Lührmann & Maurer, 2007; Mader & Schneebaum, 2013; Oreffice, 2014; Yilmazer & Lyons, 2010). Furthermore, women's influence may increase as their resources, such as education and labor participation outside of the household, increase (Friedberg & Webb, 2006). Although a large gender income gap exists, women have gained in education and labor market experiences (Stevenson, 2015). In the United States, women are the sole or primary breadwinners of 40% of all households with children younger than the age of 18 years, and married mothers are increasingly better educated than their husbands (Pew Research Center, 2013). The role of women in financial decision making is expected to continue to change.

Another relevant framework is the feminism perspective, which argues that systematic gender differences affect financial decision making and responsibilities (Agarwal, 1997; Mader & Schneebaum, 2013; Woolley & Marshall, 1994). Mader and Schneebaum (2013) found systematic gender differences in couples' financial decision making and responsibilities and also pointed out that couples with unequal bargaining power (e.g., income, education, employment) were less likely to make joint financial decisions. Their study of European households found that although women reported making more daily household spending decisions, men reported making the larger household financial decisions (Mader & Schneebaum, 2013). A recent study using couples from the RAND American Life Panel found that husbands who make more household decisions have higher financial literacy, but the same is not true for wives (Fonseca, Mullen, Zamarro, & Zissimopoulos, 2012). Bartley, Blanton, and Gilliard (2005) found that heterosexual, dual-earner married couples differed in the type

of household tasks they performed and how much household decision making they controlled. In the sample, wives spent an average of 3 times more time on daily household tasks, whereas husbands performed more tasks that are not a part of a daily routine. Spouses who performed more routine and daily tasks perceived that they had unequal decision-making power in the household (Bartley et al., 2005). Overall, prior research agrees on gender inequality in intrahousehold financial decision arrangements, whereas theoretical frameworks may offer different interpretations of women's roles and influences in financial decisions (Agarwal, 1997; Mader & Schneebaum, 2013; Woolley & Marshall, 1994).

Women's Resources and Financial Decisions

Husbands tend to be identified as the more financially knowledgeable spouse and the primary financial decision maker within the household in the United States, as compared with wives (Lyons, Neelakantan, Fava, & Scherpf, 2007). Women's influence within households in making financial decisions tends to increase with an increase in their resources, such as income, education, and employment. Bernasek and Bajtelsmit (2002) found women's involvement in household savings and investing decisions increased significantly as their share of total household income increased. Likewise, women's share of household income was positively associated with household consumption (Browning et al., 1994). This financial decision-making power of women may result in a lower risk tolerance for the household. Yilmazer and Lyons (2010) found that married women who have more control over financial resources are less likely to invest their defined contribution in risky assets than if their husbands controlled the family finances. Similarly, employment situations of spouses affect couples' financial management arrangement (Mano-Negrin & Katz, 2003). Sung and Hanna (1998) found that spousal effect was significant in participation and investment decisions for retirement funds in households where both spouses were working. Friedberg and Webb (2006) found that although current earnings, average past earnings, and individual pension income affect decision-making power, an increase in the wife's earnings or income had a greater effect on who had the final say on "major family decision" such as when to retire, where to live, or how much money to spend on a major purchase. In addition, Antonides (2011) found that financial management arrangements were influenced by the wife's education.

In a study of retirement and household portfolio choice, retirement did not change asset allocation of singles after retirement but did change the allocation of couples' assets after a spouse's retirement (Addoum, 2014). Consistent with the bargaining framework, when the wife is more risk averse than the husband, stock allocation decreases with husbands' retirement but increases with wives' retirement (Addoum, 2014). Overall, the preferences of both partners seem to influence asset allocation of the family, even if the share of influence may not be equal.

Types of Financial Decisions

Notably, financial decision arrangements may vary by the types of financial decisions (e.g., small vs. large purchases, bill payment, savings, investing, and financial planning). It has been suggested that men were the primary financial decision makers, and women made decisions more compatible with traditional women's roles (Woolley & Marshall, 1994). Research has shown that more women are found to engage in day-to-day money management, whereas men are more engaged in long-term decisions such as investment (Antonides, 2011; Mader & Schneebaum, 2013; Woolley & Marshall, 1994). Dobbelsteen and Kooreman (1997) suggest that specialization based on the household production model may explain everyday spending, whereas the bargaining model better explains big financial decisions. Similarly, Fonseca et al. (2012) found that men often specialize in financial decisions that require more specific financial knowledge such as investing and taxes, whereas women tend to lead bill paying and short-term planning and spending. These findings suggest that men and women may have and acquire different experiences and expertise in financial decisions.

Consequences of Inequity in Financial Decision Arrangements

Gender Gap in Asset Accumulation

Differences in financial decision patterns may have an effect on the wealth building of individuals. Individual financial well-being may not be the same as household financial well-being, despite the fact that economic outcomes are measured at household levels. Women live longer, spend more time in retirement, and are more likely to be single in older age. Babiarz et al. (2012) found that individuals (husbands) with more bargaining power (higher share of household income and more financial knowledge) secured better financial protection for their hypothetical

widowhood living standard than those with less bargaining power (wives). Within a household, male partners are more likely to have more wealth than female partners. Although the causality is not clear, the wealth gap between couples is smaller when the female manages money within a couple and bigger when the male makes financial decisions (Grabka et al., 2015). A European survey found that Eastern European women who were living in Poland, Hungary, Estonia, and Latvia were more likely to be the financial decision maker when households were described as having a "hard financial situation" (Mader & Schneebaum, 2013, p. 20). This study did not determine whether women took over during times of financial strain or whether they were previously managing household financial decisions. Spousal influences on financial decision making may contribute to the gender gap in wealth and affect the long-term financial futures of women, especially after the dissolution of relationships.

Financial Literacy or Capability

Financial literacy or capability has been associated with family financial decision arrangements (Antonides, 2011; Fonseca et al., 2012). Financial literacy is defined as individual's "ability to process economic information and make informed decisions about financial planning, wealth accumulation, debt, and pensions" (Lusardi & Mitchell, 2014, p. 6).

Women have lower levels of financial literacy than male counterparts (Lusardi & Mitchell, 2008), which may contribute to women's lower involvement in significant household financial decisions. A few studies considered financial literacy and financial capability as part of bargaining power in household decision making (Babiarz et al., 2012; Elder & Rudolph, 2003). Others consider financial literacy as an expertise gained from specialized experience (Fonseca et al., 2012). The lack of opportunity to gain experience making financial decisions may lead to low financial literacy (Babiarz et al., 2012; Fonseca et al., 2012). Fonseca et al. (2012) found that the level of financial literacy was positively associated with financial decision making among males but not among females. Relationships among gender, financial literacy, and financial decisions exist, but causality may be unclear. At any rate, women are more likely to engage in less consequential financial decisions (Dobbelsteen & Kooreman, 1997), which may not require or enhance financial literacy.

Family System and Financial Decisions

Money is a key management task for couples and family systems and can be a source of conflict. Family researchers have conceptualized the family financial decision-making process as an identifiable family subsystem (Rettig, 1993). When the family allocates scarce resources such as time, money, and energy to achieve important family goals, balancing needs and resources are necessary (Rettig, 1993). Furthermore, differences and similarities in beliefs, values, goals, financial management roles, and financial management styles affect the financial decision-making process (Rettig, 1993). Family dynamics such as relationship satisfaction and functioning can affect financial decision-making processes, suggesting families who are flexible and have more positive communication may function more effectively when making financial decisions (Barnett & Stum, 2012; Olson, 2000; Rettig, 1993).

Relationship and Financial Decisions Systems

Differences and similarities in individual and family characteristics can influence financial decisions. Studies suggest partners' values, norms, expertise, and money management styles are significant in family financial decisions (Meier, Kirchler, & Hubert, 1999; Rettig, 1993; Vogler, 2005; Vogler, Lyonette, & Wiggins, 2008). Marital status also makes a difference. Married couples may behave differently with decision making, compared to cohabitating couples (Razzouk, Seitz, & Capo, 2007; Vogler et al., 2008). In addition, Woolley (2003) found that spouses who were remarried were less likely to pool resources in their current marriage. Couples' experience and money management styles are important factors in financial decisions.

Furthermore, financial management and couple relationship have an interactive association (Archuleta, 2013). Couples with higher levels of marital dissatisfaction are less likely to make effective financial decisions (Meier et al., 1999). In addition, nonjoint financial decision making arrangements may contribute to unequal influences as well as decreased marital satisfaction (Pahl, 1989). Financial stress may have unique impacts on the couples and their financial decisions in the family system. Studies found that financial stress has adverse effects on the couple relationship and may lead to relationship instability (Falconier & Epstein, 2010; Mauno & Kinnunen, 2002; Scaramella, Sohr-Preston, Callahan, & Mirabile, 2008). In turn, the couple's undesirable relationship quality negatively affects the financial decision-making process (Archuleta, 2013).

This interaction may be particularly relevant for families who tend to have higher levels of financial stress because of limited resources. Low-income couples and families often face greater financial challenges such as unemployment, poverty, and low levels of both education and financial literacy. Experiencing high levels of financial stress may put them at higher risk for relationship conflict as well as effective financial decisions.

Cultures and Gender Roles

Family systems theory frames individuals, families, and larger environments as interdependent in the ecological framework, suggesting environmental influences such as community, culture, and the state of the economy on family financial decisions (Archuleta, 2013; Barnett & Stum, 2012; Barnett & Stum, 2013; Rettig, 1993). More importantly, there are differences in household decision-making processes across the various cultural landscapes (Esping-Andersen, 1990). Culture is a set of beliefs and preferences that can determine behaviors, including financial decisions (Fernandez, 2007). The role of culture and family experiences in financial decisions has been emphasized (Fernández & Fogli, 2006). Also, individualism versus collectivism, spending rituals, and money beliefs are just a few examples of cultural effects on money. Differences have been identified between foreign-born and native-born couples in gender roles, economic decisions, and power-sharing within the couple (Oreffice, 2014). Gender roles and cultures (Carlsson, He, Martinsson, Qin, & Sutter, 2012) have been found to affect family financial decision arrangements. For example, men from couples with traditional gender roles (Carlsson et al., 2012), or from a culture where such gender ideology is dominant (Oreffice, 2014), tend to make more financial decisions within the family than men from cultures without these characteristics. In some cultures that adhere to traditional gender roles, such as Latino groups, the male is publicly acknowledged as being in charge of all major financial decisions, and decisions may be made without the wife's knowledge (Falicov, 2001). However, many Latino couples may function in a manner that is more egalitarian or a combination of traditional and egalitarian values (Falicov, 2001). If immigrant couples from gender traditional backgrounds feel that the reality conflicts with traditional expectations for their gender roles, this may contribute to conflicts.

Family Financial Decision-Making Process

In the family decision-making framework, the stages of decision making are identified as perceiving, processing, and actuating/deciding (Rettig, 1993). Families begin with establishing values and goals of individuals and the family, obtaining information about courses of action, and considering resources and consequences. Then, families make decisions guided by family rules, prioritizing shared values and limited resources. Over time, families establish their own unique decision-making systems to make family choices and take actions.

Using this framework (Rettig, 1993), Barnett and Stum (2013) investigated the importance of spousal decision-making processes in the purchase of long-term care insurance. The process of decision making includes both "perceiving" and "deciding" interacting components (Barnett & Stum, 2013). Decision making often begins with the perceiving process, how individuals feel about a specific financial decision-making situation. It is followed by the deciding process, which involves seeking information, assessing alternatives, assessing costs and benefits, and decision-making styles (Rettig, 1993). Barnett and Stum (2013) used spousal consensus and influence as perceptual factors and spousal discussion as a type of deciding process.

Using the example of long-term care insurance purchase, partners may have their own attitudes and beliefs about the financial risks of long-term care needs and the costs/benefits of alternatives (Barnett & Stum, 2013). Spousal consensus measures differences and similarities in this perception of problems and potential solutions. Another perceiving process is influences from the spouse (Rettig, 1993). Spousal influence is defined as the extent to which a spouse uses power to alter their spouse's beliefs, attitudes, and behaviors (Spiro, 1983). Spouses with more expertise, perceived fairness, desire to support the relationship, and desire to control had more influence in financial decision-making compared to spouses with less of such characteristics (Barnett & Stum, 2013).

Barnett and Stum (2013) found that for married couples, spousal consensuses were significant in long-term care insurance purchase decisions, but spousal discussion and spousal influences were not significant. This finding suggests the importance of couples' perceived similarities and differences in their decision-making processes. Considering the complexity of some financial decisions, reaching an agreement may be complicated and require more than just family discussion. Couples may need to negotiate the

differences to reach an agreement. Compared to decisions with short-term consequences, couples may avoid or not actively engage in financial decisions that may have long-term consequences such as retirement planning and long-term care planning (Wood, Downer, Lees, & Toberman, 2012). Without reaching an agreement, a family may choose to not act on the issue instead of considering and taking less optimal options. Some of the negotiation strategies could include effective communication, collaborating, compromising, and focusing on solutions.

Communication, Problem Solving, and Conflict Resolution

Couples may engage in different influence strategies to reach financial agreements (Belch & Willis, 2001; Dema-Moreno, 2009; Falconier, 2015). Using dual-income Spanish couples, Dema-Moreno (2009) found that financial decision agreements were often not as mutual as couples portrayed. Three types of decision-making procedures were found: couples who do not negotiate and consider informing as a negotiation process, couples who value negotiation but encounter barriers in making various decisions, and couples who negotiate and reach decisions by mutual agreement (Dema-Moreno, 2009). Even those who made unilateral decisions attempted to create an appearance of a negotiation process. This suggests that couples who believe their financial decisions are jointly made may actually have different daily practices, including unilateral decision making.

On a related note, recent research suggested an integrative approach based on financial counseling and couple therapy to improve the couple relationship and couples' financial management skills. Elements of this approach include improving problem-solving skills and communication; understanding one's partner's beliefs, roles, and expectations about couples' money management; and improving couples' financial management skills (Falconier, 2015).

In addition, family financial decisions have been shown to be made through a continual interactive process. The dynamics of family decision processes evolve through a series of behavioral interactions. Su, Zhou, Zhou, and Li (2008) found perceived fairness mediated the relationship between spousal influences and spousal decision behaviors in subsequent decisions. Perceived fairness from past decisions operates as a mechanism for couples to harmonize conflict in financial decisions (Su et al., 2008). Strategies to affect financial decisions need to consider prior financial decision experience.

Children and Financial Decisions

Children and Family Financial Decisions

Children influence family financial decisions directly and indirectly. Children affect household resources, preferences, and background risk, which are critical in asset accumulation, saving, credit constraint, and investing over the lifetime (Love, 2010; Scholz & Seshadri, 2007). The number of children has a substantial effect on the amount of household asset accumulation and dispersion. Households with children (or more children) tend to accumulate substantially less wealth during working years, but they withdraw less during their retirement, leaving more savings in later life (Bodie, Merton, & Samuelson, 1992; Love, 2010; Scholz & Seshadri, 2007).

In addition, children may have an effect on the asset allocation of households. Households with children tend to share riskier portfolios during the earlier life cycle but less during retirement, compared with households with no children (Bodie et al., 1992). Children also modify the effect of marriage dissolution on household asset allocation. Divorced men were found to increase their holdings of riskier assets, whereas divorced women chose safer options (Love, 2010). However, the increase in risky asset holding for divorced men with children is half of that of divorced men without children. More interestingly, the gender of children may affect parent's investing behaviors. Recent research found that having only female children increases the probability of stock ownership among married households, whereas having male children increases the stock ownership of single females (Bogan, 2013). These findings suggest that the presence of children, and sometimes even the gender of the child, affect personal preferences and biases that shape financial decisions.

Child as a Decision Maker

A few studies examined the economic model of children's direct role in family financial decisions. Children were not accounted for in financial decisions in the traditional economic models. Although individual members may have unique preferences, it is assumed in traditional utility models that the head of household or adult agents make decisions as if all members maximize their utility (Dauphin, El Lahga, Fortin, & Lacroix, 2011). Alternatively, collective household decision models suggest that older children (typically children ages 16 years and older) may operate as a decision maker within the household in addition

to parents, although parents may impose their decisions on younger children (Dauphin et al., 2011; Martensen & Grønholdt, 2008). Overall, children are involved in family financial decisions although the specific methods and depth of the involvement vary by different factors, such as children's age and personality as well as parents' time and financial resources.

Children and Spending

A number of studies have established the significant influences of children on family purchase decisions, as children may have the most direct impacts on consumption (Caruana & Vassallo, 2003; Foxman & Tansuhaj, 1988; Lundberg, Romich, & Tsang, 2009; Martensen & Grønholdt, 2008; McDonald, 1980). McNeal suggests that children up to 16 years of age accounted for $1.12 billion in overall family spending in 2010 (Horovitz, 2011). Children's influence can make a difference during the family decision stages in varying roles and impacts (Martensen & Grønholdt, 2008). Moreover, even children as young as age 5 years influence family purchase decisions (Caruana & Vassallo, 2003; Lundberg et al., 2009; McDonald, 1980). Overall, children not only have direct and significant influences on products relevant to them, such as drinks, cereal, clothes, and mobile phones (Martensen & Grønholdt, 2008) but also have influences on durable and expensive products, such as technological items (Rice, 2001; Verma & Kapoor, 2003). With recent advances in technology and access to information, children may have more influence on certain types of consumption, such as technical products and electronics. Often, older children and adolescents acquire more technical knowledge and are more competent than parents regarding technology (Martensen & Grønholdt, 2008). Many adolescents in recent years have higher computer literacy than their parents (Kim & Kim, 2015), and parents might ask for children's help in seeking information using the Internet. Children may play a key role in family financial decisions, especially in the areas that intersect with technology.

Children and Family Characteristics in Financial Decisions

Children and family characteristics also affect the children's role in financial decisions. Many agree that children's autonomy increases with age. Older children may contribute to the household income and gain more influence on financial decisions. In addition, strategies children use to influence family decisions become more advanced as they get older (Palan & Wilkes, 1997). With greater cognitive ability, older children can use persuasion and negotiation (John, 1999; Palan & Wilkes, 1997), whereas younger children may use "simply asking," "pestering," or "emotional tactics" (Kerrane, Hogg, & Bettany, 2012; Lawlor & Prothero, 2011). Notably, parents tend to respond more to rational requests than emotional tactics in financial decisions such as consumption (Shoham & Dalakas, 2005, 2006).

Moreover, children's influences on financial decisions vary by parental resources, such as time and financial resources, as well as children's cognitive and emotional characteristics. Parents help children make a gradual transition into making independent financial decisions. However, the development process may not follow a continuum from full parental authority to negotiation and discussion and eventually to children's independent decision making (Lundberg et al., 2009). Using a national sample of adolescents (ages 10–14 years), Lundberg et al. (2009) examined sole and shared family decision making, finding that shared decisions were more a form of investment in child development; in these instances, parents attempted to influence child behavior via discussion or negotiation rather than unilateral control. Furthermore, parents with more resources were more likely to engage in shared decision making than others. In addition, children's characteristics also affected this process. Parents may allow more autonomy when children are believed to have high decision-making abilities. Children with better mathematical skills tend to make more autonomous decisions, and those with higher scores in language-based testing were more likely to make shared decisions with parents (Romich, Lundberg, & Tsang, 2009). Interestingly, more impulsive children also tend to make decisions on their own, and the effect is stronger in families with fewer resources than others (Romich et al., 2009). These findings point to the importance of parent–child interaction in the financial decision-making process and strong influence of the family in the financial socialization processes.

Financial Socialization

Families, especially parents, are the most salient consumer and financial socialization agents in child development. Financial socialization is about the acquisition of financial values, attitudes, and behaviors that lead to financial independence (Danes & Yang, 2014; Kim & Chatterjee, 2013; Kim, LaTaillade, & Kim, 2011; Lueg, Ponder, Beatty, & Capella, 2006; Rettig & Mortenson, 1986). Parental support could affect financial independence of young adults

(Xiao, Chatterjee, & Kim, 2014). In the financial socialization process, parents and children have reciprocal influence on each other (Kim et al., 2011; Maccoby, 2007). For example, the children of immigrants may help their parents learn and navigate financial products and services (Paulson, Singer, Smith, & Newberger, 2006), whereas parents teach their children about money values such as frugality.

Children From Households With Limited Resources

Particularly, households with children with limited resources may merit additional attention. Very few studies look at the children's influences on financial decisions in households with limited resources. The role of children in low-income families has often been assumed to be limited, because they were considered to have limited opportunities for discretionary income and spending (Jenkins, 1979). However, older children from low-income families often contribute to family income by working, which confers upon them more bargaining power. Furthermore, children's influences may be more significant when parents lack resources for monitoring and negotiating, leaving children to make independent decisions, especially in terms of spending (Lundberg et al., 2009).

In addition, parents with limited resources may sacrifice their necessities and prioritize spending on children, having children's preferences more reflected in financial decisions (Hamilton & Catterall, 2006; Hamilton & Catterall, 2008). Among poor families, Hamilton and Catterall (2006) suggested parents' love as a factor that determines children's influences on household consumption, beyond bargaining power or negotiation. Although it may not seem like a rational budgeting strategy to others, parents often attempt to protect children from the negative consequences (e.g., stigma) of poverty, by cutting down spending on necessities to buy a child brand name clothing (Hamilton & Catterall, 2006). In addition, literature in consumer psychology has suggested that people use consumption as a coping strategy in uncertain times (Pavia & Mason, 2004). People in crisis may engage in present-oriented consumption rather than future-oriented consumption. Hence, families with limited resources who often feel that their future is uncertain may be more willing to spend money on expensive shoes when children ask for them, because they have control over the present expenditure. The giver (parent) is willing to make sacrifices and do anything for the recipient (children; Belk & Coon, 1993; Hamilton & Catterall, 2006). Conversely, children in families with limited resources may play an active role in financial management and become effective in family finance, either by contributing resources to the family or by reducing the pressure on parents (Hamilton & Catterall, 2006).

Prior research provides sufficient evidence to support the important role of children in family financial decisions. Most of the research adopted an individualistic or dyadic approach to understanding children's influence on parental or household financial decision. Family is a system; therefore, children's interactions and negotiations with their parents as well as their siblings also shape children's influence within the family setting (Kerrane et al., 2012). However, limited information is available on other intrafamily interactions that influence family financial decisions.

Discussion

Most financial education and counseling takes place at the individual level, whereas financial decisions take place at household and intrahousehold levels. However, all family members in the household including spouses (partners) and children influence financial decisions. Financial educators need to understand not only the importance of spousal influences in financial decisions but also the unequal participation in family financial decisions by different genders and their subsequent outcomes. Often, there may be additional financial decision makers in the family, such as older children. Therefore, financial education, counseling, and coaching at an individual level may not reach other key decision makers in the family, especially spouses/partners and older children. Although working directly with the decision makers of households can be effective, a whole family approach will be more effective for the long term.

Changing the family financial decision process should start with acknowledging the clients' current unique family financial decision system, followed by understanding roles and influences of each family member, including children. Cultural background and gender roles influence both financial decisions and family relationships. Therefore, financial education and counseling strategies developed for traditional European American families may not work well for Non-European immigrants to the United States. Accordingly, financial educators and counselors may benefit from cultural competence training to work with the increasing diversity in the U.S. population.

Involving children, especially older children, in family financial decision making, especially in households with limited resources, may present an opportunity to improve both the financial socialization of children as well as the current financial management of households. For families with limited resources, it is important to understand the underlying motivations and background that help explain financial behaviors and decisions, such as experiencing high levels of financial stress, protecting children from the blunt consequences of poverty, and/or focusing on the present as a strategy for coping with uncertain futures. Financial practitioners can attempt to create safe spaces for parents to communicate with their children about the household financial situation in an age-appropriate manner, often in the form of helping parents teach their children about money matters. Many cooperative extension services have created research-based, noncommercial programs to teach children about money. Extension curriculum such as *Right on the Money: Talking Dollars and Sense with Parents and Kids* by Pennsylvania State University can help parents improve their own financial management knowledge and skills as well as provide tools to influence their children's money attitudes.

Financial educators may also need to understand the importance of family functioning in effective family financial decision making. Often, family communication has been emphasized in family financial management and decision making. However, given the complex nature of financial decisions, information sharing and communication may not be sufficient to make changes in certain types of financial decisions and behaviors. Individuals may choose inaction instead of negotiating differences, sometimes making less effective decisions to avoid conflicts with family members. Individuals may need to use more specific strategies, such as improving mutual understanding of values and expectations, effective communication, joint problem-solving skills, and compromising, to complete financial decision actions.

This study highlighted the important roles of family members in financial decisions, whereas the majority of research and practices have focused on individuals or decision makers of family. Targeting individuals is not sufficient in understanding family financial behaviors or influencing their decisions. Family has a unique financial decision-making system shaped by resources, cultures, values, experiences, and others. Well-functioning families may make effective financial decisions. This study expands the extant literature of family financial decisions by incorporating diverse family factors and family dynamics.

Suggestions for Future Research

There are limited data available about couple or family financial decisions that are collected directly from all family members. Most finance data rely on individuals' reports for themselves and for the household. There is a need for research analyzing dyadic data in financial decision making between partners, parents and children, and siblings. Comparing the differences and similarities in values, goals, financial capability, and other characteristics between family members and their impacts of financial decisions will provide valuable insights. Dyadic dynamics between partners influence their financial decisions. Additional research on the development of scales in financial behaviors for couples or families is needed.

Historically, most decision arrangement research has focused on heterosexual married couples. Additional research studies on financial decisions of same sex couples, cohabitating couples, and male- and female-headed households with children are suggested with sufficient sampling to do meaningful analyses. Currently, most datasets may contain data on same sex or other couples, but these groups are often small and not conducive for sophisticated analyses. In addition, scales may need to be developed or adapted to address any unique issues facing different family types. Most research has used cross-sectional data. Future research should also explore longitudinal data collected more than one time to investigate the couple dynamics over time. Longitudinal data analysis would help explore the causality of the factors.

More research on the process of family financial decisions for specific financial behaviors including communication, negotiation, resolving conflicts, and how families come to the decision can provide valuable insights for financial educators and policymakers. Such information can be used to develop more effective financial education programs that can affect individuals as well as families, ideally using clinical settings in collaboration with couple therapists or counselors to explore these dynamics in family relationship and financial management. In addition, experimental design to measure differences to hypothetical scenarios and randomized treatments will improve the understanding of the process of specific financial decisions of couples and families in various financial situations.

Implications for Financial Educators and Counselors

There are a couple of practical implications for financial educators and counselors. First, financial educators and counselors must attempt to understand and acknowledge the unique family financial decision system before an attempt to intervene is made, taking the capabilities of each family member into account. Collecting data such as sources and timing of income, necessary and discretionary spending, and household debt from family members at both individual and household levels is important to understand the dynamics of family financial decision making. Allowing individual participants to create a family story, picture, or other creative retelling of their family money situation can create a safe way to externalize the household members' roles and identify decision makers (Robles, 2014). Shared financial goals and values can be described and collected in the beginning of financial management in addition to individual goals and values. Furthermore, perceived financial problems and solutions (e.g., risk, importance, affordability) on specific financial decisions such as savings and insurance can be collected individually and compared to identify whether family members agree or disagree. This process will increase the buy-in of family members toward the shared financial goals.

In addition, financial educators need to understand that individual well-being and household well-being may not be the same at all times. Financial education and counseling may need to target the financial well-being of individuals within the family as well as that of the family as a whole. Considering gender inequality in financial decisions and financial wealth, financial educators and counselors may want to target or involve both spouses in financial education. Practitioners and counselors could also encourage women to become more involved in financial decisions, and become more aware of the impact that financial decisions being made with or without their input could have on their financial future and stability. The financial futures of women need to be considered, especially for those who generally outlive men but are less likely to make household financial decisions. Practitioners can direct women to programs such as *Wi$eUp* from Texas AgriLife Extension and the U.S. Department of Labor Women's Bureau, which is geared toward Generation X & Y women, and *Women & Money* from the University of Florida Institute of Food and Agriculture and Sciences (IFAS) Extension, which is geared toward older women.

Second, financial educators need to understand the importance of spousal influences in financial decisions, as well as the unequal participation in family financial decisions by gender and its resulting outcomes. Financial values, norms, attitudes, knowledge, and skills can be collected at individual levels from both couples, and the similarities and differences can be examined. Some educators use tools such as *Money Habitudes* cards to help couples increase mutual understanding about money, communicate money values, and distinguish between goal setting for oneself and for the household. Couple financial management roles and satisfaction with those roles can be inquired about and explored by financial educators and counselors. Moreover, the financial decision-making process may vary by the types of financial behaviors, such as budgeting, borrowing, saving, and investing. Therefore, a more targeted approach may be required to influence specific financial decisions. Financial educational materials for couples are rare, but they should address diverse gender roles, cultural differences, and lack of resources; they should also work to improve couple communication and conflict resolution in addition to financial management. A few curricula have been identified to support both healthy relationships and financial education; Healthy Marriage and Responsible Fatherhood grants funded by the Department of Health and Human Services Administration for Children and Families (https://www.healthymarriageandfamilies.org/curricula) is one example. Some relationship education materials have also incorporated discussion and money management, such as *The Healthy Marriage Handbook: Keys to a Successful Marriage* by National Healthy Marriage Resource Center, *Together* by Falconier (2015), *Prepare/Enrich* (http://www.prepare-enrich.com), and *Before You Tie the Knot* (University of Florida Marriage Preparation Course). Also, partnering with existing programs targeting couples, such as premarital workshops, relationship enhancement education programs, and couples' therapy or education, could be a worthwhile strategy. If financial education or counseling takes place at individual levels, assignments or worksheets to communicate and complete together with partners and children can be distributed for homework.

Third, most financial educational materials are developed for individuals and not for the whole family. Financial education and counseling for parents could include strategies to involve spouses/partners as well as their children in financial management. Sometimes, older or mature children

may resocialize their parents after they learn about financial products, especially with technology applications. For example, children of immigrants may have higher levels of interest and knowledge in certain aspects of financial and computer literacy than their parents (Paulson et al., 2006). Given the influence of children and their advantages, some children can influence their parents' financial decision. By focusing on the children of immigrants, financial educators and counselors can reach immigrant parents. Furthermore, considering how couples' financial decisions are affected by different cultures (e.g., traditional gender roles), financial curricula, and tools need to be adapted or reviewed for immigrants or diverse populations.

Fourth, financial educators and counselors may also need to develop strategies to assist couples actively engaged in different dimensions of decision-making processes for various types of financial decisions, such as everyday spending or long-term planning. Tools about financial beliefs, attitudes, and behaviors can be used to compare the similarities and differences between individual members of the family. Once couples understand each other, they may develop shared financial goals and financial strategies to accomplish together. Also, communication, consensus about financial problems, and solutions as well as perceived influences of partner/parents can be developed further as a basis for a financial education tool, similarly to Barnett and Stum (2012). Tools can assess individual differences in discussion, consensus, and influence on specific financial behaviors. In the financial decision process, couples may engage in communication and discussion, but they need to understand and negotiate similarities and differences in perceived influences and their viewpoints on consensus before they reach decision outcomes. For example, couples may have different values, conflicting financial goals, and varied planning or skills. Financial planners will often have both spouses/partners complete a risk tolerance assessment and use it to facilitate a conversation about investment approaches and finding consensus when there are different risk preferences. Financial educators and counselors can help couples and families realize the differences and similarities of individual family members, understand that they have to solve problems together, compromise on some issues, develop skills to communicate effectively, negotiate, and reach decision agreements (Falconier, 2015). Overall, practitioners should focus on shared values and prioritization of household financial goals while supporting the recognition that each partner may think and act differently from the other.

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