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FINANCIAL AUTONOMY AMONG EMERGING ADULTS IN AUSTRALIA

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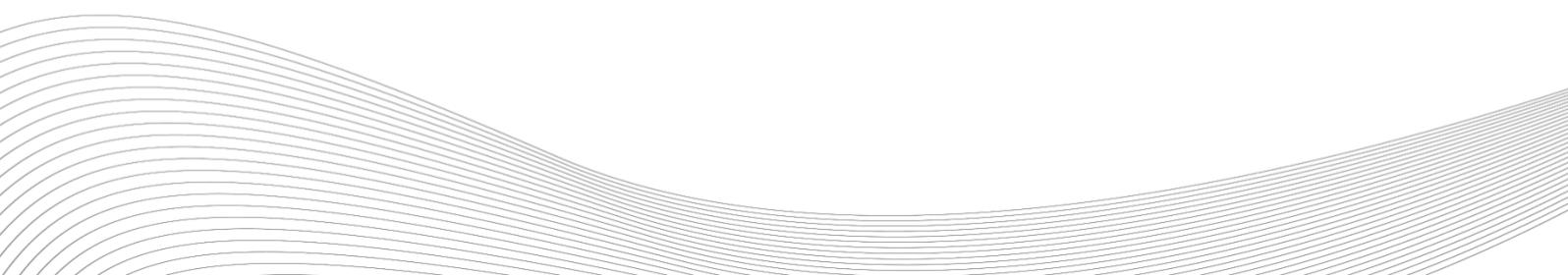
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NON-TECHNICAL SUMMARY

This paper investigates how financial autonomy develops in young adults and under what circumstances that development process is hastened or hindered. The paper uses longitudinal data from the Household, Income, and Labour Dynamics in Australia (HILDA) survey for persons aged 15-25, thus following young people from the time they are adolescents and into adulthood. We develop a novel measure of financial autonomy based on an individual's degree of responsibility for household decision-making related to (a) managing day-to-day spending, (b) making large household purchases, and (c) savings and investments. Measuring financial autonomy allows us to observe a period of “emerging adulthood” as opposed to merely delaying nest-leaving due to cost-constraints (i.e. costs of living). If emerging adulthood plays an important role in young adults' development, we would expect to see steadily increasing levels of financial autonomy while the young adults are still at home. If on the other hand, delayed nest-leaving is only due to costs-constraints, we would not expect to observe such a period of systematic preparation for independent living. For men, there is evidence of a significant and positive age gradient associated with financial autonomy, suggesting that financial autonomy develops steadily with age. There is no evidence of an age profile for young women whose level of financial autonomy is mostly explained by their household- and regional characteristics. This suggests that the phase of “emerging adulthood”, in which financial autonomy is learned over time at home, plays an important role for young men but not for young women. This systematically puts young women at a potential disadvantage compared to young men, and consequently at a higher risk of low financial literacy and poor financial decision-making in the period after nest-leaving.



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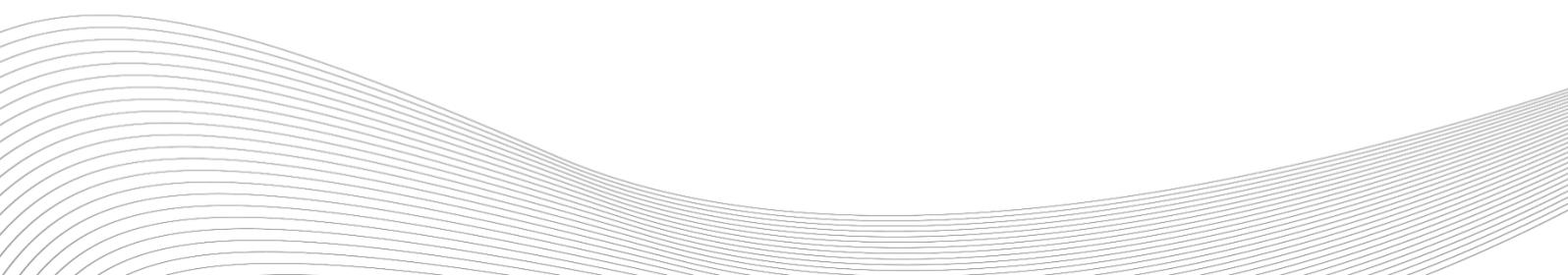
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ABSTRACT

This paper investigates how financial autonomy develops in young adults and under what circumstances that development process is hastened or hindered. The paper uses longitudinal data from the Household, Income, and Labour Dynamics in Australia (HILDA) survey for persons aged 15-25, thus following young people from the time they are adolescents and into adulthood. We develop a novel measure of financial autonomy based on an individual's degree of responsibility for household decision-making related to (a) managing day-to-day spending, (b) making large household purchases, and (c) savings and investments. Measuring financial autonomy allows us to observe a period of "emerging adulthood" as opposed to merely delaying nest-leaving due to cost-constraints (i.e. costs of living). If emerging adulthood plays an important role in young adults' development, we would expect to see steadily increasing levels of financial autonomy while the young adults are still at home. If on the other hand, delayed nest-leaving is only due to costs-constraints, we would not expect to observe such a period of systematic preparation for independent living. We estimate a correlated random-effects model for the latent financial autonomy construct, specifying a range of covariates related to individual demographic and resource characteristics, household characteristics, and regional factors. For men, there is a significant and positive age gradient associated with financial autonomy. There is no evidence of an age profile for young women whose level of financial autonomy is mostly explained by their household- and regional characteristics. This suggests that the phase of "emerging adulthood", in which financial autonomy is learned over time at home, plays an important role for young men but not for young women. This systematically puts young women at a potential disadvantage compared to young men, and consequently at a higher risk of low financial literacy and poor financial decision-making in the period after nest-leaving.

Keywords: Financial Autonomy, financial decision making, emerging adulthood

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1. Introduction

In countries like Australia, the United States, and the UK, younger people are remaining at home for longer periods, with extended reliance on financial and in-kind support from parents. The proportion of young people living with their parents has increased substantially in Australia since the beginning of the century, from 47 percent to 56 percent for men aged 18-29, and from 37 percent to 54 percent for women aged 18 to 29 (Vera-Toscano, 2019). Nest-leaving and financial independence are traditional markers of youths' transition to adulthood, alongside other demographic markers such as marriage and leaving education, for which we equally observe a trend towards young adults reaching those markers at later ages. Since 2000, the median age at marriage has increased by 2.5 years for both men and women (ABS, 2019). These trends raise an important question: are youths held back in their transition to adulthood by economic circumstances? Do they transition to independence later than previous generations did because their economic environment - the labour market, housing market, or the market for post-secondary education - has changed such that earlier transitions are increasingly hard to achieve? Or rather, are there benefits to a more gradual transition to independence, that parents and youths are increasingly choosing to make use of? That is, are we observing a new developmental phase of "emerging adulthood" prior to full independence, a phase of deliberate investment in young people's decision-making skills, autonomy and identity as adults? If there is such a new developmental phase, what are the benefits of undergoing it? And finally, do different socioeconomic groups differ in their opportunities to take advantage of them?

The gradual development of financial autonomy before full financial independence, can provide important benefits. For example, this gives young people the opportunity to learn in a safe environment, sheltered from lasting consequences, where mistakes are unlikely to alter their life course substantially. This begins early in childhood; Lundberg, Romich and Tsang (2009) find evidence that shared decision-making by children and parents with regards to low-stakes expenditure decisions, as opposed to *sole* decision-making by the child, is a form of parental investment. This seems to continue later in adolescence and young adulthood. Using a mixed measure of financial decision-making and receipt of financial support, Bea and Yi (2019) show that slow, gradual financial nest-leaving is associated with fewer financial worries and lower poverty rates later in young adulthood, than fast nest-leaving is. Jorgensen et al. (2017) show that family financial socialisation, and specifically better financial communication by parents, improves young adults' financial well-being, and Lee and Mortimer (2009) show that family financial socialisation improves

economic self-efficacy, which in turn improves employment, schooling and income outcomes.

This paper examines the attainment of financial autonomy among Australian adolescents and young adults who are living with, and are hence dependent on, their parents. Here, financial autonomy is defined as a person's scope for financial action, or the *agency* to make financial decisions - even before reaching financial *independence*. We study whether there is a distinct age-profile to a young person's degree of financial autonomy while living at home, and if so, how individual- and sociodemographic factors are associated with it. If young people experience a developmental phase of "emerging adulthood", we expect financial autonomy to increase with age above and beyond other socio-demographic characteristics, even if traditional markers of adulthood - such as leaving home or leaving education - have not been reached. On the other hand, a pattern in which young people's autonomy remains flat in age before they leave home, is not consistent with a developmental phase of "emerging adulthood", and points towards structural and economic factors as drivers behind a delayed achievement of traditional markers of adulthood. We use rich Australian longitudinal data that contain repeated observations of decision-making responsibility as well as detailed individual- and household characteristics. Australia is very similar to other developed country contexts, where young people are increasingly dependent on parental support before leaving home.

We make several contributions to the literature. First, we examine the concept of financial autonomy, as distinct from financial independence, which most of the previous literature has focused on. Examining financial autonomy that *precedes* financial (and residential) independence, allows us to examine the existence of a new developmental phase of emerging adulthood, as opposed to delayed nest-leaving merely due to structural, economic and financial constraints. Second, we develop a novel measure of financial autonomy that accounts for financial decision-making across several domains and allows for different stages of financial autonomy; previous studies have focused on binary measures of autonomy. Our refined measure of autonomy is a necessary pre-requisite to drawing conclusions about a new developmental phase, as it allows us to test if there is an age-profile to increasing autonomy. Third, we identify numerous factors that may hinder or support the development of financial autonomy and explore gender differences. Hence, we can identify sub-groups of youth that can reap the benefits of undergoing a phase of emerging adulthood.

2. Literature Review

Several studies highlight the substantial changes in personal autonomy across adolescence and emerging adulthood. Eccles et al. (1991) highlight evidence that adolescents increasingly desire autonomy both in family and school contexts as they mature. They conceptually frame autonomy as the reduction of adult control over them and measure it through the young person's involvement in decision-making. Bumpus, Crouter, and McHale (2001) and Lundberg, Romich, and Tsang (2009) also measure autonomy through decision-making participation and particularly focus on a breadth of decisions that are made in the family context. However, few of these decision domains concern financial matters: only one of the eight domains considered by Bumpus et al. (2001) is defined by "money", and two of the eight considered by Lundberg et al. (2009) pertain to "how money is spent" and "how much allowance" is received by the individual.

Financial autonomy as an attainment during the transition to adulthood has been relatively understudied. Lee and Mortimer (2009) focus on a related concept of economic self-efficacy among high school students, measuring their expectations about future home ownership and job quality. Xiao, Chatterjee, and Kim (2014) also examine economic self-efficacy among young adults to show its contribution towards financial independence from their parents. Looking beyond the parent-child relationship during the transition to adulthood, Bennett and Sung (2013) examine financial autonomy between British couples. They present qualitative evidence that autonomy may be perceived differently by gender, as women tended to value aspects of economic independence and privacy more than men. Overall, these studies have explored perceptions and expectations of financial autonomy, but not the process of attaining autonomy in the form of decision-making responsibility and authority.

Distinct from the small literature on financial autonomy is a larger body of research on financial independence, which focuses on youths' reliance on parental resources rather than their agency to make financial decisions. This research is motivated by the difficulty in attaining financial independence, as increasing housing and schooling costs have become burdensome for many young adults (Bea and Yi, 2019; Cobb-Clark and Ribar, 2012). Many of these studies also address residential independence, as parents often provide in-kind support to their children by living together (Whittington and Peters, 1996; Cobb-Clark and Ribar, 2012; Fingerman et al., 2015).

Cobb-Clark and Gørgens (2014) find a socioeconomic gradient to financial independence, as young Australians from disadvantaged backgrounds are less likely to receive financial gifts from parents or co-reside with them. Other approaches measure

financial independence by comparing own earnings against living expenses (Lee and Mortimer, 2009) or financial transfers received from parents (Manzoni, 2016). Cui et al. (2019) and Kendig, Mattingly, and Bianchi (2014) measure financial independence as the extent to which an individual is responsible for earning a living, paying bills, rent, mortgages, and managing finances. Bea and Yi (2019) combine these measures of financial responsibility with information on familial financial support, to characterise young adult trajectories towards financial independence. Benson and Furstenberg (2006) find that youths with low socioeconomic status have a greater exposure to financial responsibilities and face a more rapid transition to adulthood. Although financial independence contributes to a subjective sense of adulthood, Arnett (2000) shows that “accepting responsibility for one’s self” and “making independent decisions” are the top contributors to adult identity.

Involvement in financial decisions - and by extension, financial autonomy - is important, despite the limited attention in existing studies. Drever et al. (2015) review the developmental psychology literature, which shows that key financial skills are built during adolescence and young adulthood. Moreover, financial knowledge and learning is made salient for youths when they have financial responsibilities and need to make their first financial decisions due to factors such as employment, and having student loans or credit cards (Friedline, 2015). Thus, Drever et al. (2015) highlight an important role parents play by ceding control and allowing their children to participate in financial decisions, which complements financial socialization and financial advice giving.

Several studies have focused on financial socialisation in the family. Lee and Mortimer (2009) show that financial socialisation contributes to economic self-efficacy, which in turn is positively associated with employment and schooling outcomes. Luhr (2018) describes a socioeconomic gradient where working-class parents feel less equipped to financially socialise their children compared to middle-class parents. Gudmunson and Danes (2011) review much of this financial socialisation literature and connect it with financial literacy research through a conceptual model.

Some attention has been paid to gender differences in financial socialisation and financial autonomy, with mixed results (Wray-Lake, Crouter, and McHale, 2010). Bumpus et al. (2001) refer to research on the gender intensification hypothesis, whereby households with strong gender norms may provide boys with more autonomy than girls. However, they only find gendered evidence in favour of (first-born) daughters over (second-born) sons, with the effect of traditional gender attitudes limited to families with daughters only. Kim, Chatterjee, and Kim (2012) find that debt outcomes are worse for women in early adulthood than for men and suggest that this may reflect gendered financial socialisation from parents. Both Lundberg et al. (2009) and Wray-Lake et al. (2010) show that girls tend to be more

involved than boys in shared household decision-making. These studies point to complex gender differences in financial autonomy, deserving further attention and research. As such, systematic differences between boys and girls in their development into financial autonomy can have lasting impacts on their financial decision making, financial outcomes, and participation in social welfare programs. This study will address potential gender differences in youths and young adults' development into financial autonomy.

3. Data, model and estimation strategy

We use longitudinal data from waves 5-16 of the Household, Income, and Labour Dynamics in Australia (HILDA) Survey for a sample of 4,574 young adults (aged 15 to 25) that co-reside with their parents. This dataset covers the entire family context and treats persons 15 and older as adult respondents, following up their information yearly. Data prior to wave 5 could not be used because the financial decision-making variables, which are central to our measure of financial autonomy, were not included in the first four waves.

We model financial autonomy as a latent construct with J observable indicators in a structural equation model. Specifically, we specify a multiple-indicators-multiple-causes (MIMIC¹) model with correlated random effects, such that:

$$D_j = \lambda_j \theta + \eta_{i,j} + \varepsilon_j, j = 1, \dots, J \quad (1)$$

$$\theta = \gamma'_t \mathbf{x} + \zeta \quad (2)$$

Where each of the D_j observed decision-responsibility indicators measure latent financial autonomy θ , which has multiple observed causes in matrix \mathbf{x} in (2). Individual specific heterogeneity is accounted for via the random effect $\eta_{i,j}$, which may be correlated across the J equations, one for each of the observable indicators.

The financial autonomy measure is constructed from three observed questions in the HILDA self-completion questionnaire (SCQ) that asks respondents to report who in the household is responsible for decisions about (i) 'managing day-to-day spending and paying bills', (ii) 'making large household purchases (e.g., cars and major appliances)', and (iii) 'savings, investment and borrowing'. For each type of household decision, the possible responses are 'always me', 'usually me', 'shared equally between partner and self', 'usually my partner', 'always my partner', 'always/usually other person(s) in house', 'shared equally among household members', and 'always/usually someone not living in house'.

¹ For an example of the MIMIC model, see Stata Corp (2019) Structural Equation Modelling, Example 36g.

We assume that financial autonomy can *develop in stages* rather than being an either/or condition, and hence for each decision-making option construct three categories, namely ‘non-autonomous’, ‘partially autonomous’, and ‘autonomous’. Respondents are classified as ‘non-autonomous’ if they answered a decision is made ‘always’ or ‘usually’ by another person in the household. Respondent are classified as ‘partially autonomous’ if a decision is made ‘usually’ by the respondent or ‘shared equally among household members.’ Finally, respondents were classified as ‘autonomous’ if a decision is ‘always’ made by the respondent or - in the case of partnered individuals - if decisions are deferred to a partner, in which case such persons are financially autonomous from their parents.

Figure 1 displays the extent of decision-making autonomy among the sample of co-resident young adults aged 15-25. While most youths have little autonomy during their mid-teenage years, the freedom to give input or make outright financial decisions increases with age. This increase also differs by financial decision type, as more young adults tend to have greater autonomy over savings, investments, and borrowing, and far less autonomy over large household purchases.

A wide range of explanatory variables are included in the matrix x in (2). As part of the respondent’s *own economic factors*, we include educational attainment and participation, employment and earnings, and receipts of government support. For *personal factors*, we include the respondent’s general health from the SF-36 index, and satisfaction with relationship with parents. Among *household contextual factors* are included parents’ education, household structure, household income, parental financial transfer receipt, birth order, number of siblings, Indigenous and Torres Islander status, as well as non-English-migrant status. Finally, as *regional factors* we include rural residence status, average weekly rental price, state unemployment rate, and a SEIFA socioeconomic disadvantage index. The variables included in matrix x in (2) re also time-interacted by age, allowing for both level and slope effects. This is important because some factors may influence financial autonomy to *varying* degrees across adolescence and early adulthood.

Table 1 summarises the estimation sample by gender. Many factors are balanced between men’s and women’s samples, with differences mostly relating to human capital investments and labor market activities. Women tend to make more investments in education - particularly at a post-secondary level. Although employment is commonplace for both young men and women, men tend to have greater labor market earnings on average.

4. Results

Table 2 describes young adults' extent of autonomy over each household financial decision in percentages. In line with the evidence from Figure 1, most of these young adults who live at home have little autonomy or input into decision-making. The area over which young adults have greatest freedom and independence, is in savings, investments, and borrowing, possibly because these decisions relate to their individually owned resources, rather than to financial resources that belong to the household or to their parents. Overall, few young adults are 'partially autonomous', showing that few households *share* decision-making responsibilities between parents and grown-up children. Young men have more autonomy in each of the financial decisions than young women in the sample.

4.1 Main sample results

The main regression results are presented in Table 3. There is a clear effect of age on financial autonomy, that determines young people's decision-making above and beyond a broad range of economic, personal, household and regional characteristics. Most importantly, this age trajectory is detectable above and beyond own economic circumstances that serve as traditional markers of adulthood, such as employment and completing high school or college. That means, in our sample of youths who are not financially and residentially *independent*, we observe increasing levels of financial *autonomy*, simply as they grow older - even if their economic 'milestones' are held constant. *This pattern supports the existence of emerging adulthood as a developmental phase, rather than just the necessary by-product of an economic environment that makes nest-leaving difficult.* This is the first core finding of our study.

Interacting age with the full set of sociodemographic control variables allows us to not only estimate the age trajectory of financial autonomy, adjusted for individual characteristics and their development over the youth's life, but also allows us to observe differences in age profiles for different groups of youths. Generally speaking, we find such differences to be small, but there are some interesting patterns.

First, we find that eldest children have a lower level of financial autonomy but gain autonomy faster as they age. First-borns in a family are thus more likely than their later-born siblings to experience emerging adulthood as a phase of parental investment in their financial decision-making capability.

Finishing education, as well as own employment and own income, not only boost autonomy; they also flatten the acquisition of autonomy with age. Young persons who are employed and have an income while living with their parents are more likely to enjoy

financial autonomy, but less likely to be undergoing a developmental phase of emerging adulthood during which they are allowed (or required) to hone their financial decision-making skills.

Living in a region with high unemployment or in a region that is socially and economically disadvantaged, lowers the overall level of autonomy without any effects on the age trajectory with which autonomy is acquired. This could reflect parents' desire to shield their household from the consequences of bad financial decisions: the riskier the economic environment the parents operate in, the less financial autonomy they grant their young adult children across the board.

However, the coefficients on interactions of economic, personal, household and regional characteristics with age are all small in comparison to the coefficients on age directly: in other words, any differences in latent financial autonomy θ for youths with different characteristics are much smaller than those between younger and older youths more generally. However, in the next section, we dig deeper into one specific personal characteristic, and how it affects the acquisition of financial autonomy: gender.

4.2 Gender differences

The gender dummy coefficient is negative and significant, suggesting that women have on average lower levels of financial autonomy than men. We next split the sample and run our model for men and women separately, to explore further whether there are also different age trajectories for both groups.

From the descriptive statistics in Table 2, we find that women have significantly lower levels of financial autonomy than men in all three components of financial autonomy. Furthermore, Figure 1 shows that not only is young women's financial autonomy lower, it also grows with age at a somewhat slower pace. Columns 'Male' and 'Female' of Table 3 contain results from separate gender-specific regressions, that allow us to confirm this pattern in the raw data, while controlling for variables that reflect their economic, personal, household and regional circumstances: are there differences in how young men and women increasingly make autonomous financial decisions as they become older?

We are able to identify the existence of increasing financial autonomy with age for men, but not for women. For men, all coefficients from the set of age dummies age 19 onwards are positive, significant and steadily increasing in size. The association between age and financial autonomy for women, on the other hand, is insignificant and small.

We produce predicted values of latent financial autonomy across ages, holding all other individual characteristics constant. Figure 2 displays these predicted values for men and women across late adolescence and early adulthood. Again, we find that not only is

women's latent autonomy lower, it also increases at a slower rate as they age. Although prior studies by Bumpus et al. (2001), Lundberg et al. (2009), and Wray-Lake et al. (2010) suggest that in general girls may have more decision-making involvement than boys, the results here suggest that young men in Australia are given more autonomy with respect to financial matters. This is in line with the literature on financial outcomes in emerging adulthood, which suggests that parents may prepare boys for financial decisions more than girls (Kim et al., 2012).

What little increase in financial autonomy we do find for women in the raw data, appears to be largely mediated through socioeconomic factors accounted for in the model. For men, on the other hand, there appears to be a purely age-linked developmental process behind financial autonomy, above and beyond that which is explained by reaching milestones commonly associated with adulthood. This is the second important contribution of this study: in our sample, young men in Australia are found to undergo a developmental phase of emerging adulthood during which they gradually gain financial autonomy before leaving the nest - but young women do not go through such a phase. This pattern suggests that women's financial socialisation is inferior, which might have important implications for their later financial behaviours and life outcomes. If young women are not gaining experience in financial decision-making while living at home, whereas young men indeed are, these young women are likely to fare poorer in their initial financial decisions, which could have many negative far-reaching and long-term financial and economic implications for them.

Similar to the joint regression that produced our main results, we included the full set of economic, personal, household and regional characteristics, interacted with age in the regressions presented in columns 'Male' and 'Female' of Table 3. As before, this is primarily necessary to estimate the base age trajectory of financial autonomy above and beyond potentially relevant structural factors that could change with a young person's age. However, it also allows us to explore variation in the acquisition of financial autonomy in groups of youths with different characteristics and who live in different circumstances.

As was the case for the joint regression for men and women, we mostly find such variation to be small. Any gender differences in sociodemographic coefficients are much smaller than the overwhelming gender difference in men's and women's set of base coefficients on age. However, some variables are statistically significant and show some interesting patterns. One of our findings from the full sample regression - namely, that completed education and greater economic self-reliance in the form of employment and own income come with increased levels, but a flatter age profile, of autonomy - was primarily driven by young women. For them, the associated coefficients are generally larger

and more significant than they are for men or for the full sample. Thus, for young people in general, but for women even more so than for men, we find that having employment and an income while living with one's parents, is associated with higher financial autonomy, but a lower probability of undergoing a developmental phase of emerging adulthood.

The effect for financial autonomy of being an eldest child on the level and age profile of financial autonomy is also more pronounced among women - and only marginally significant among men. That is, being a first-born daughter to some degree compensates (in terms of gaining financial autonomy) for not being male. Rural women enjoy lower levels of financial autonomy than their urban counterparts, but the effect diminishes with age. We do not find such a difference between urban and rural young men. This could reflect slightly different patterns of selection into the sample or more conservative attitudes to financial independence of women in rural areas.

4.3 What accounts for differences in age trajectories?

In the raw data, we find that both young men and young women gain financial autonomy as they get older, but this appears to be a genuinely age-linked, developmental process only for male youths, whereas for female youths, it appears to be a statistical artifact, a byproduct of their changing individual characteristics.

In Table 4, we set about exploring what factors might explain the gender differences in age trajectories of financial autonomy. We start off estimating a base model that only generates respondents' age profiles (column 2). Then we estimate three additional models where we progressively include education and employment factors (column 3), household factors and demographics (columns 4 and 5), and regional factors (column 6). As we add socio-demographic controls, the generated age trajectories are bound to change, which allows us to observe which socio-demographic characteristics are most closely associated with the age profiles observed in the raw data.

Without any socio-demographic characteristics accounted for in the model, we see age-related increases in financial autonomy for both men and women during late adolescence and early adulthood. When including economic resources in column 3, the age coefficients remain positive and significant for males and females. Accounting for personal characteristics in column 4 still does not fully explain the age profile. However, in column 5 controlling for household factors explains a large portion of women's financial autonomy gains in their late teenage years and, once we control for regional characteristics in column 6, the age profile for females is no longer significant. Thus, household- and regional characteristics account for the age profile in financial autonomy among females but not

among males. This supports the hypothesis that there is a *developmental explanation* to men's financial autonomy beyond socioeconomic factors, that is not at play for women.

5. Conclusion

After developing a novel indicator for financial autonomy, this paper examines its socio-demographic correlates and finds a striking difference between young women and young men's level of financial autonomy before leaving home. Our measure of financial autonomy is based on an individual's degree of responsibility for household decision-making related to (a) managing day-to-day spending, (b) making large household purchases, and (c) savings and investments. Measuring financial autonomy in this manner allows us to observe a period of "emerging adulthood" as opposed to merely delaying nest-leaving due to cost-constraints. We test the hypothesis that if emerging adulthood plays an important role in young adults' development, we would expect to see steadily increasing levels of financial autonomy while the young adults are still at home. Alternatively, if delayed nest-leaving is only due to costs-constraints, we would not expect to observe such a period of systematic preparation for independent living. We find gender-specific results.

For men, there is a significant and positive age gradient associated with financial autonomy, whereas for women, there is no evidence of an age profile, whose level of financial autonomy is mostly explained by their household- and regional characteristics. This suggests that the phase of "emerging adulthood", in which financial autonomy is learned over time at home, plays a clear important role for young men but *not* for young women. This development systematically puts young women at a disadvantage compared to young men, and consequently at a higher risk of low financial literacy and poor financial decision-making in the period after nest-leaving. Potentially this could manifest itself with poorer choices with respect to high-interest borrowing, responsible credit-card purchasing, and financial planning. Financial mistakes made in the early years by young women who are insufficiently prepared for financial decision making as adults, may have long-lasting consequences. Further, young women living in rural areas experience lower levels of financial autonomy preparation than their urban counterparts.

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Table 1. Descriptive statistics

	Men		Women	
	Mean	S.D.	Mean	S.D.
Age	18.674	2.754	18.463	2.640
Completed High School	0.413	0.492	0.420	0.494
Completed College	0.038	0.192	0.061	0.239
Studying full-time	0.602	0.490	0.684	0.465
Employed	0.592	0.492	0.638	0.481
Earnings ('000s)	11.393	16.697	9.060	12.876
Youth Allowance/Newstart ('000s)	0.682	2.146	0.684	2.056
Parent transfers ('000s)	0.421	2.072	0.500	2.858
Household income ('000s)	117.328	82.140	122.153	100.464
SF-36 General Health	75.622	17.831	71.589	19.258
Dissatisfied with parents	0.073	0.260	0.080	0.271
Eldest child	0.417	0.493	0.379	0.485
Number of siblings	2.067	1.442	2.094	1.559
Indigenous background	0.036	0.187	0.030	0.172
Migrant	0.166	0.372	0.182	0.386
Parents' education (years)	12.920	2.051	13.040	2.048
Single parent household	0.243	0.429	0.231	0.421
Step-parent household	0.100	0.299	0.098	0.297
Rural residence	0.126	0.331	0.125	0.331
Rent '00s per week	3.297	0.498	3.301	0.513
Unemployment rate	5.124	1.003	5.088	1.021
SEIFA disadvantage index	5.925	2.882	6.060	2.820
Temp sample member	0.069	0.253	0.057	0.232
Number of individuals	2316		2258	
Number of Person-Year observations	7704		7494	

Notes: Household, Income, and Labour Dynamics in Australia (HILDA) Survey, Release 16, waves 5-16, own calculations. Results are weighted using population weights designed to ensure representativeness of the Australian population. See Summerfield et al. (2017) for details.

Table 2. Decision-making autonomy across household financial decisions

Decision-making category (%)	Full Sample	Male	Female
Day-to-day Spending and Bills			
Non-autonomous	90.21	89.05	91.39
Partially autonomous	5.37	5.54	5.20
Autonomous	4.42	5.41	3.41
Large Household Purchases			
Non-autonomous	92.05	90.94	93.20
Partially autonomous	5.01	5.22	4.79
Autonomous	2.94	3.84	2.01
Savings, Investments, and Borrowing			
Non-autonomous	70.98	70.44	71.54
Partially autonomous	11.97	11.47	12.48
Autonomous	17.05	18.09	15.98
Number of Person-Year observations	15198	7704	7494

Notes: Household, Income, and Labour Dynamics in Australia (HILDA) Survey, Release 16, waves 5-16, own calculations. See Table 1. Definition of financial autonomy is based on three questions that asks respondents to report who in the household is responsible for decisions about (i) 'managing day-to-day spending and paying bills', (ii) 'making large household purchases (e.g., cars and major appliances)', and (iii) 'savings, investment and borrowing'. Respondents are classified as 'non-autonomous' if a decision is made 'always' or 'usually' by another person in the household, as 'partially autonomous' if a decision is made 'usually' by the respondent or 'shared equally among household members', and as 'autonomous' if a decision is 'always' made by the respondent or their partner.

Table 3. Main regression results for determinants of financial autonomy

	Full sample	Male	Female
Female	-0.545** (0.22)		
Completed high school	0.722** (0.35)	0.402 (0.47)	1.201** (0.52)
Completed college	0.401 (1.12)	1.010 (1.74)	0.552 (1.47)
Study full-time	-0.271 (0.29)	-0.305 (0.40)	-0.278 (0.42)
Employed	2.546*** (0.25)	2.631*** (0.34)	2.389*** (0.36)
Own income (\$'000)	0.070*** (0.01)	0.066*** (0.02)	0.066*** (0.02)
Youth Allowance / Newstart (\$'000)	0.185*** (0.06)	0.119 (0.08)	0.227*** (0.09)
SF-36 general health	-0.005 (0.01)	0.004 (0.01)	-0.014* (0.01)
Dissatisfaction with parents	0.302 (0.34)	0.954** (0.47)	-0.421 (0.49)
Parental transfers (\$'000)	0.045 (0.06)	0.113* (0.07)	-0.112 (0.10)
Household income (\$'000)	-0.000 (0.00)	-0.002 (0.00)	0.001 (0.00)
Eldest child	-0.716*** (0.23)	-0.535* (0.31)	-0.865** (0.34)
Number of siblings	0.012 (0.07)	0.039 (0.10)	-0.020 (0.10)
Indigenous origin	-0.844 (0.60)	-1.575* (0.82)	-0.077 (0.87)
Non-English-speaking migrant	0.050 (0.30)	0.522 (0.41)	-0.503 (0.43)
Parents' years of education	-0.163*** (0.06)	-0.140* (0.08)	-0.186** (0.08)
Single parent household	0.262 (0.26)	0.162 (0.35)	0.285 (0.38)
Step-parent household	0.223 (0.35)	0.768 (0.48)	-0.411 (0.52)
Rural	-0.179 (0.31)	0.761* (0.41)	-1.219** (0.47)
Rent per week (\$'00)	-0.108 (0.21)	0.077 (0.29)	-0.320 (0.31)
Unemployment rate	-0.272*** (0.10)	-0.173 (0.14)	-0.352** (0.15)
SEIFA disadvantage index	-0.118*** (0.04)	-0.110* (0.06)	-0.113* (0.06)
Temporary sample member	0.157 (0.43)	-0.443 (0.57)	0.967 (0.62)
Age 16	-0.347 (0.33)	0.565 (0.45)	-1.260*** (0.47)
Age 17	0.193 (0.49)	1.033 (0.67)	-0.508 (0.70)
Age 18	1.064 (0.69)	2.184** (0.94)	0.052 (0.99)
Age 19	1.494* (0.89)	2.755** (1.21)	0.401 (1.27)
Age 20	1.802 (1.10)	3.282** (1.48)	0.544 (1.56)
Age 21	2.157* (1.31)	3.707** (1.76)	0.885 (1.87)
Age 22	2.753* (1.52)	4.835** (2.05)	0.946 (2.17)
Age 23	2.936* (1.73)	5.243** (2.34)	0.776 (2.47)
Age 24	3.538* (1.95)	5.972** (2.64)	1.371 (2.79)
Age 25	4.062* (2.18)	6.722** (2.94)	1.570 (3.11)

	Full sample	Male	Female
Age x female	0.058 (0.04)		
Age x completed high school	-0.151** (0.07)	-0.064 (0.09)	-0.296*** (0.11)
Age x completed college	-0.167 (0.15)	-0.149 (0.22)	-0.301 (0.21)
Age x study full-time	0.019 (0.06)	0.040 (0.08)	0.004 (0.08)
Age x employed	-0.262*** (0.05)	-0.218*** (0.06)	-0.315*** (0.07)
Age x own income	-0.004** (0.00)	-0.004** (0.00)	-0.002 (0.00)
Age x Youth Allowance/Newstart	-0.027*** (0.01)	-0.017 (0.01)	-0.032** (0.01)
Age x SF-36 general health	0.001 (0.00)	-0.001 (0.00)	0.003** (0.00)
Age x dissatisfaction with parents	-0.021 (0.07)	-0.138 (0.09)	0.122 (0.10)
Age x parental transfers	-0.004 (0.01)	-0.012 (0.01)	0.017 (0.01)
Age x household income	-0.000 (0.00)	0.000 (0.00)	-0.000 (0.00)
Age x eldest child	0.093** (0.04)	0.062 (0.05)	0.128** (0.06)
Age x number of siblings	0.022* (0.01)	0.027 (0.02)	0.019 (0.02)
Age x Indigenous origin	0.020 (0.11)	0.104 (0.14)	-0.110 (0.17)
Age x non-English-speaking migrant	-0.007 (0.05)	-0.031 (0.07)	0.028 (0.07)
Age x Parent's years of education	0.008 (0.01)	0.003 (0.01)	0.011 (0.02)
Age x single parent household	0.109** (0.05)	0.118* (0.06)	0.126* (0.07)
Age x step-parent household	0.027 (0.07)	-0.066 (0.09)	0.155 (0.11)
Age x rural	0.113* (0.06)	-0.079 (0.08)	0.311*** (0.10)
Age x Rent per week	-0.008 (0.04)	-0.037 (0.05)	0.031 (0.06)
Age x unemployment rate	0.021 (0.02)	0.007 (0.03)	0.035 (0.03)
Age x SEIFA disadvantage index	0.005 (0.01)	0.004 (0.01)	0.004 (0.01)
Age x temporary sample member	0.004 (0.09)	0.154 (0.11)	-0.207 (0.14)
σ_{η}^2	7.093*** (0.79)	5.663*** (0.88)	7.938*** (1.35)
σ_{ε}^2	9.247*** (0.95)	10.030*** (1.30)	7.170*** (1.23)
Observations	15,198	7,704	7,494
Log likelihood	-18,264.0	-9,564.1	-8,627.9

Notes: Household, Income, and Labour Dynamics in Australia (HILDA) Survey, Release 16, waves 5-16, own calculations. See Tables 1 and 2. Results from a MIMIC model with correlated random effects. Standard errors in brackets. $p < 0.01$ ***, $p < 0.05$ ** , $p < 0.10$ *.

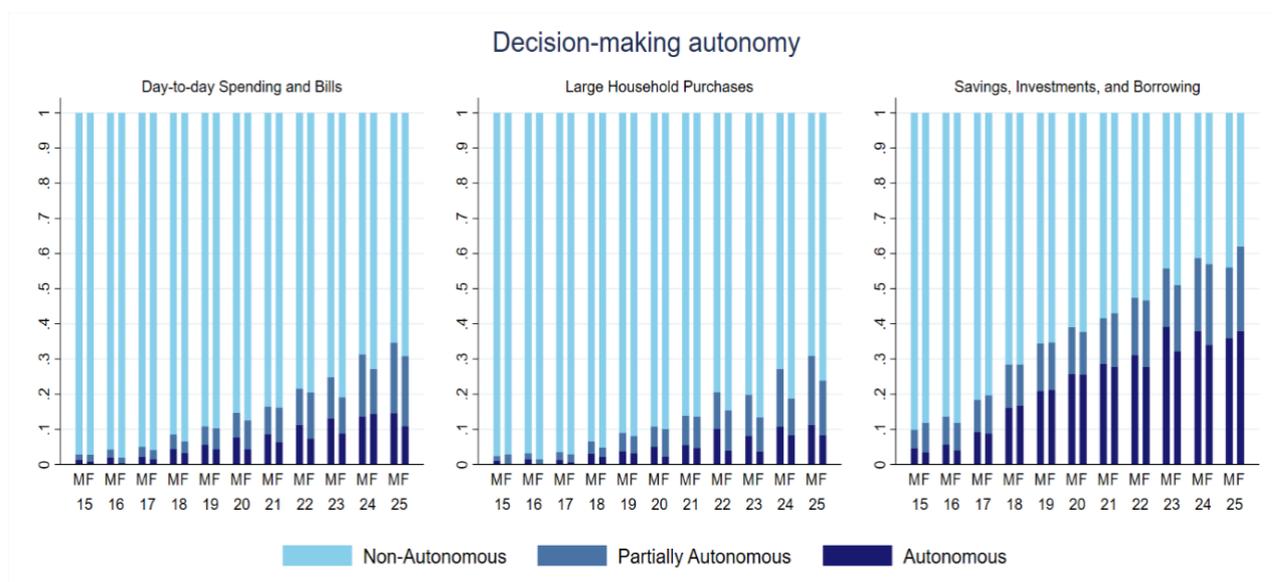
Table 4. Regression results explaining differences in age trajectories

	Age only		Economic factors		Personal factors		Household factors		Regional factors	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Age 16	0.904*** (0.35)	-0.347 (0.37)	0.568 (0.35)	-0.587 (0.36)	0.616* (0.37)	-0.811** (0.37)	0.486 (0.40)	-0.959** (0.42)	0.565 (0.45)	-1.260*** (0.47)
Age 17	1.655*** (0.35)	1.499*** (0.37)	0.959** (0.38)	0.801** (0.39)	1.082** (0.44)	0.340 (0.43)	0.864 (0.54)	0.098 (0.56)	1.033 (0.67)	-0.508 (0.70)
Age 18	3.306*** (0.39)	3.210*** (0.43)	2.128*** (0.46)	2.085*** (0.49)	2.311*** (0.56)	1.399** (0.55)	1.923*** (0.74)	0.998 (0.77)	2.184** (0.94)	0.052 (0.99)
Age 19	4.103*** (0.41)	4.241*** (0.49)	2.770*** (0.51)	3.210*** (0.57)	3.003*** (0.66)	2.303*** (0.66)	2.415*** (0.93)	1.701* (0.97)	2.755** (1.21)	0.401 (1.27)
Age 20	4.737*** (0.44)	4.862*** (0.53)	3.345*** (0.56)	4.175*** (0.64)	3.623*** (0.76)	3.057*** (0.76)	2.860*** (1.11)	2.222* (1.16)	3.282** (1.48)	0.544 (1.56)
Age 21	5.105*** (0.47)	5.612*** (0.57)	3.867*** (0.61)	5.329*** (0.74)	4.192*** (0.87)	3.987*** (0.89)	3.216** (1.30)	2.941** (1.37)	3.707** (1.76)	0.885 (1.87)
Age 22	6.038*** (0.51)	6.013*** (0.61)	5.069*** (0.69)	6.221*** (0.83)	5.438*** (0.99)	4.682*** (1.00)	4.275*** (1.50)	3.391** (1.57)	4.835** (2.05)	0.946 (2.17)
Age 23	6.272*** (0.54)	6.174*** (0.64)	5.574*** (0.76)	6.933*** (0.91)	5.992*** (1.12)	5.195*** (1.11)	4.618*** (1.71)	3.626** (1.78)	5.243** (2.34)	0.776 (2.47)
Age 24	6.732*** (0.57)	7.106*** (0.73)	6.354*** (0.84)	8.341*** (1.04)	6.821*** (1.24)	6.419*** (1.26)	5.254*** (1.91)	4.630** (1.99)	5.972** (2.64)	1.371 (2.79)
Age 25	7.298*** (0.61)	7.880*** (0.78)	7.282*** (0.93)	9.542*** (1.16)	7.797*** (1.37)	7.396*** (1.40)	5.955*** (2.12)	5.309** (2.21)	6.722** (2.94)	1.570 (3.11)

Economic factors	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Personal factors	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Household factors	No	No	No	No	No	No	Yes	Yes	Yes	Yes
Regional factors	No	No	No	No	No	No	No	No	Yes	Yes
σ_{η}^2	7.223***	10.990***	6.111***	8.325***	6.073***	8.217***	5.835***	8.185***	5.663***	7.938***
	(6.51)	(5.54)	(6.60)	(5.91)	(6.57)	(5.95)	(6.48)	(5.93)	(6.44)	(5.87)
σ_{ε}^2	9.984***	8.320***	9.814***	7.258***	9.872***	7.146***	10.040***	7.126***	10.030***	7.170***
	(7.65)	(5.46)	(7.84)	(5.86)	(7.81)	(5.90)	(7.71)	(5.85)	(7.72)	(5.84)
Observations	7,704	7,494	7,704	7,494	7,704	7,494	7,704	7,494	7,704	7,494
Log likelihood	-9,720.7	-8,765.6	-9,604.0	-8,674.5	-9,601.5	-8,670.6	-9,572.3	-8,643.7	-9,564.1	-8,627.9

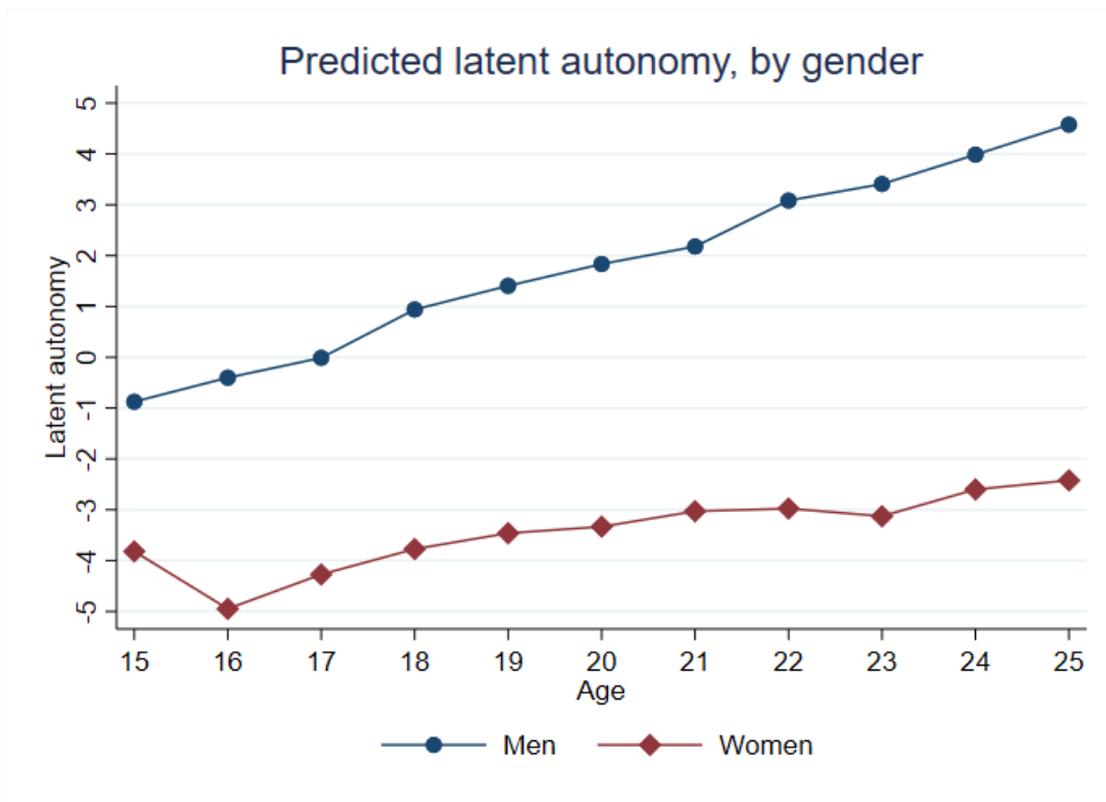
*Notes: Household, Income, and Labour Dynamics in Australia (HILDA) Survey, Release 16, waves 5-16, own calculations. See Tables 1 and 2. Results from a MIMIC model with correlated random effects. Standard errors in brackets. $p < 0.01$ ***, $p < 0.05$ ** , $p < 0.10$ *.*

Figure 1: Financial autonomy categories, by gender



Notes: Household, Income, and Labour Dynamics in Australia (HILDA) Survey, Release 16, waves 5-16, own calculations. The estimates are the shares of the male and female specific populations 15-25 to have the stated level of the financial autonomy component. Estimates are weighted using population weights designed to ensure representativeness of the Australian population. See Summerfield et al. (2017) for details. Figures are based on three questions that ask respondents to report who in the household is responsible for decisions about (i) 'managing day-to-day spending and paying bills', (ii) 'making large household purchases (e.g., cars and major appliances)', and (iii) 'savings, investment and borrowing'. Respondents are classified as 'non-autonomous' if a decision is made 'always' or 'usually' by another person in the household, as 'partially autonomous' if a decision is made 'usually' by the respondent or 'shared equally among household members', and as 'autonomous' if a decision is 'always' made by the respondent or their partner.

Figure 2: Predicted financial autonomy, by gender



Notes: Household, Income, and Labour Dynamics in Australia (HILDA) Survey, Release 16, waves 5-16, own calculations. The blue line shows average predicted latent financial autonomy for males, based on the estimation results shown in Table 3, Column 'Male', for each age shown on the x-axis (all other personal, economic, household, and regional characteristics are held constant). Equivalent average predictions for females are shown by the red line, based on estimation results shown in Table 3, Column 'Female'.