

# Childhood Circumstances and Young Adulthood Outcomes: The Effects of Financial Problems\*

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## Abstract

We here consider the cognitive and non-cognitive consequences on young adults of growing up with a mother who reported experiencing major financial problems. We use data from the Avon Longitudinal Study of Parents and Children to show that these financial problems are associated with worse cognitive and non-cognitive outcomes in adolescence, even after controlling for both income and a set of standard variables, and with an effect that is mostly larger in size than that of income. Distinguishing by child age when the problems occurred, we find a larger effect on physical health for financial problems in early childhood, but no difference between early and late circumstances for all the other cognitive and non-cognitive outcomes.

**Keywords:** Insecurity, Poverty, Subjective well-being, Conduct, Education, ALSPAC.

**JEL Classification Codes:** I31, I32, D60.