

# Financial \$tre\$\$?

## Helping Youth and Young Adults Cope

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May 29, 2014



*Funding for this study provided by the National Endowment for  
Financial Education (NEFE) and the Citi Foundation*

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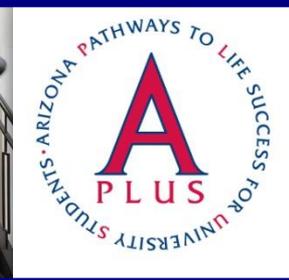


# The Long and Winding Road To Adulthood

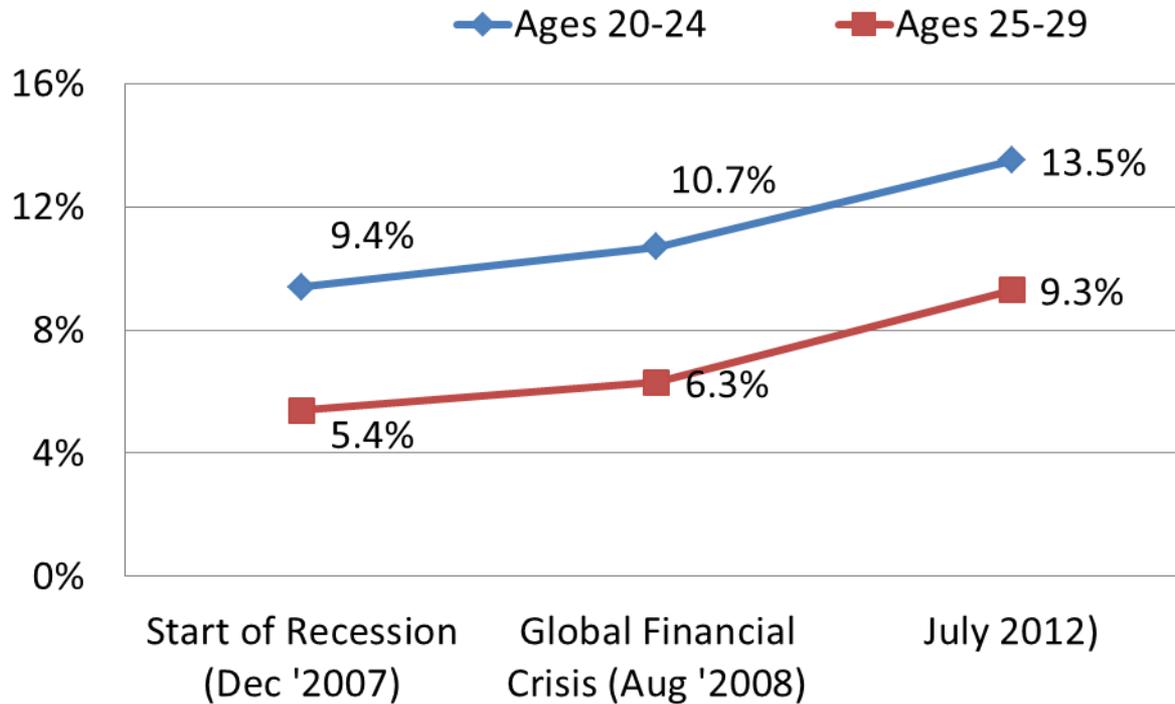
## Erosion In Adult Status Milestones

- 25% increase in the number of young adults living with their parents (since the recession)
- Marriages in the U.S. are at record lows (44.2% married)
- Co-habitation rates increasing (45-66% of individuals in the U.S now cohabit)

Pew Research Center, 2012; Cherlin, 2010



# YOUNG ADULT UNEMPLOYMENT (% Increase)





# FINANCIAL LITERACY OF AMERICANS

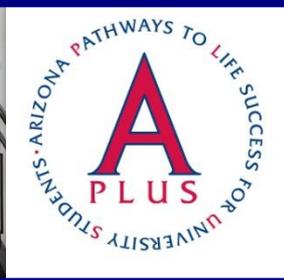
- 19% spend more than their income
- Only 39% are able to correctly answer three of five basic personal finance questions
- 34% of those with credit cards paid only the minimum on their credit cards during some months in the last year
- 32% of respondents 18-34 receive financial help from family members
- ***Measures of financial capability are much lower among younger Americans (<34)***

FINRA (2013). Financial Capability in the U.S.



## WHAT IS “FINANCIAL CAPABILITY”?

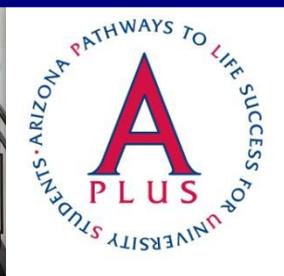
- Knowledge and competencies [relative to personal finance], ability to act on that knowledge, and opportunity to act (Johnson & Sherraden, 2007)
- The ability to make good financial decisions in their own behalf (FINRA, 2009)



*Longitudinal Panel Study*

# **ARIZONA PATHWAYS TO LIFE SUCCESS FOR UNIVERSITY STUDENTS (A PLUS)**

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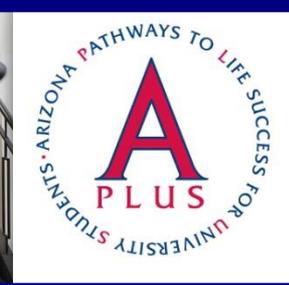
## APLUS Chronology

First Year of College  
Wave 1  
Data: 2008

Economic Crisis  
Intermediate  
Inquiry: 2009

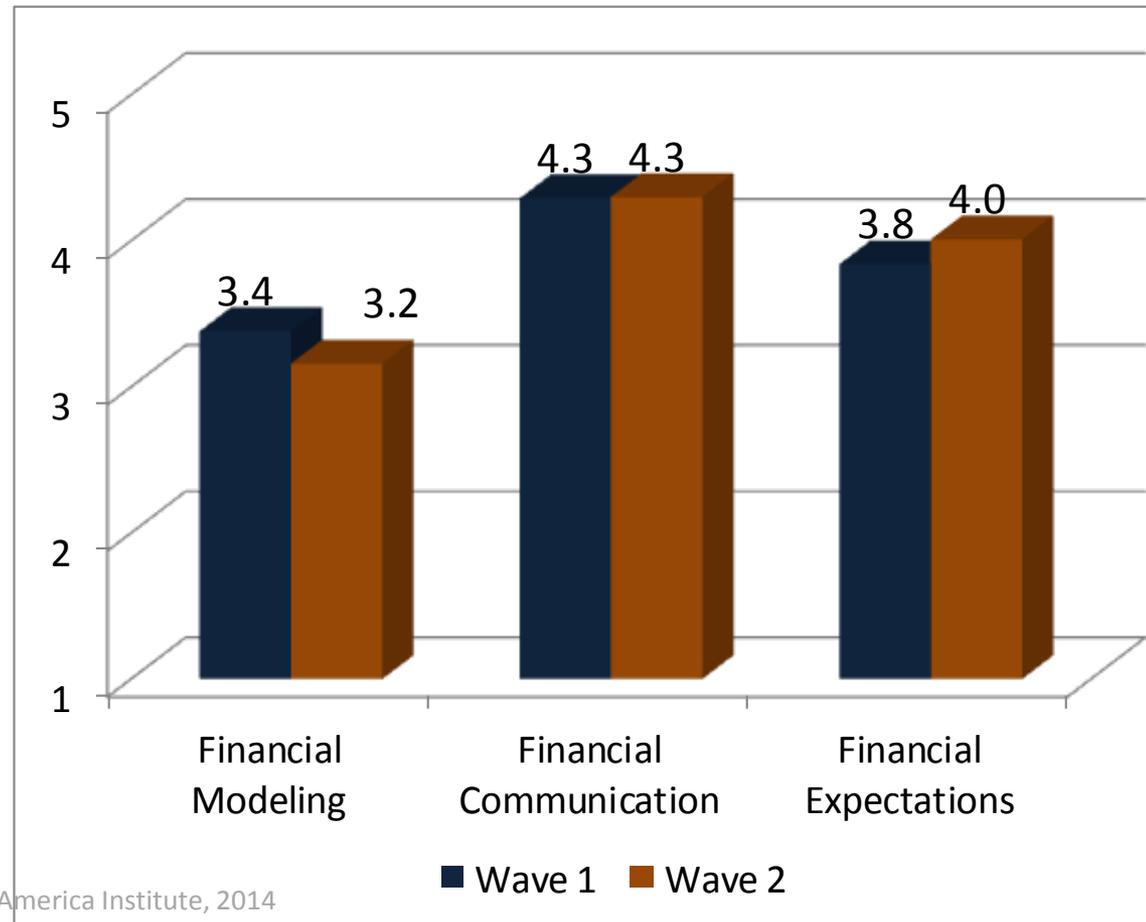
Fourth Year of College  
Wave 2  
Data: 2010

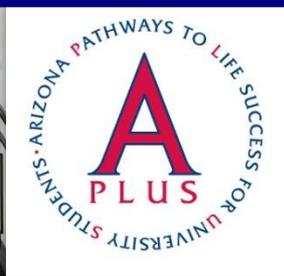
Beyond College  
Wave 3  
Data: 2013



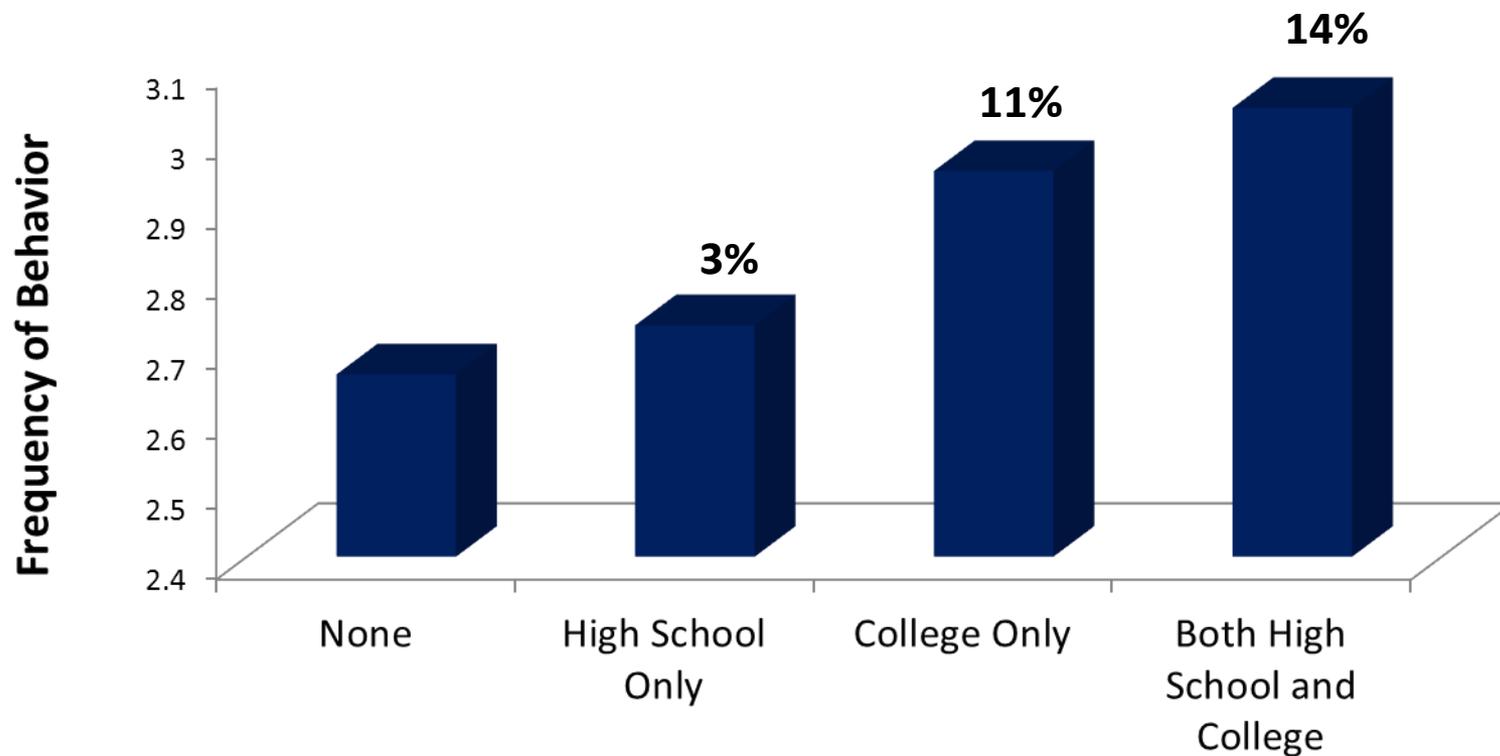
## SOCIALIZATION

- Financial parenting is key influence
- 1.5 times that of financial education
- 2 times that of their friends

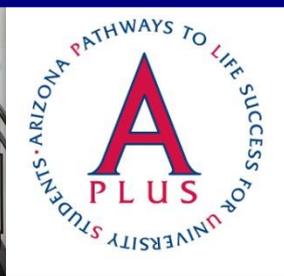




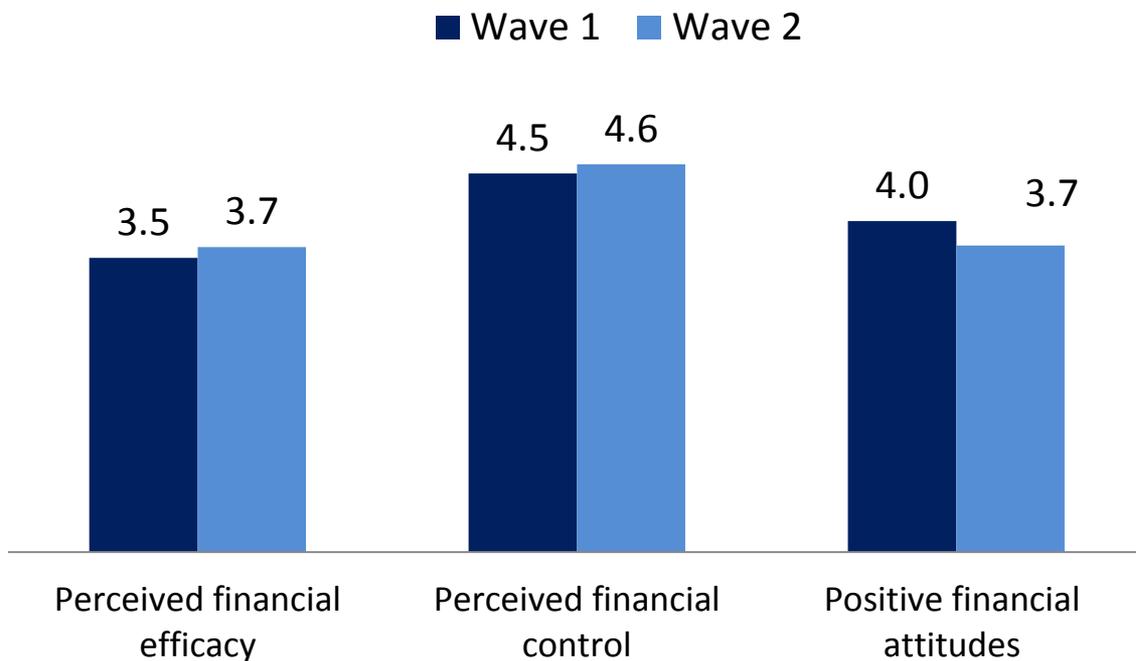
# COGNITION

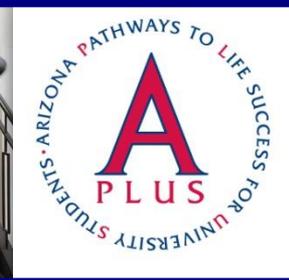


## CUMULATIVE EFFECTS OF FINANCIAL EDUCATION

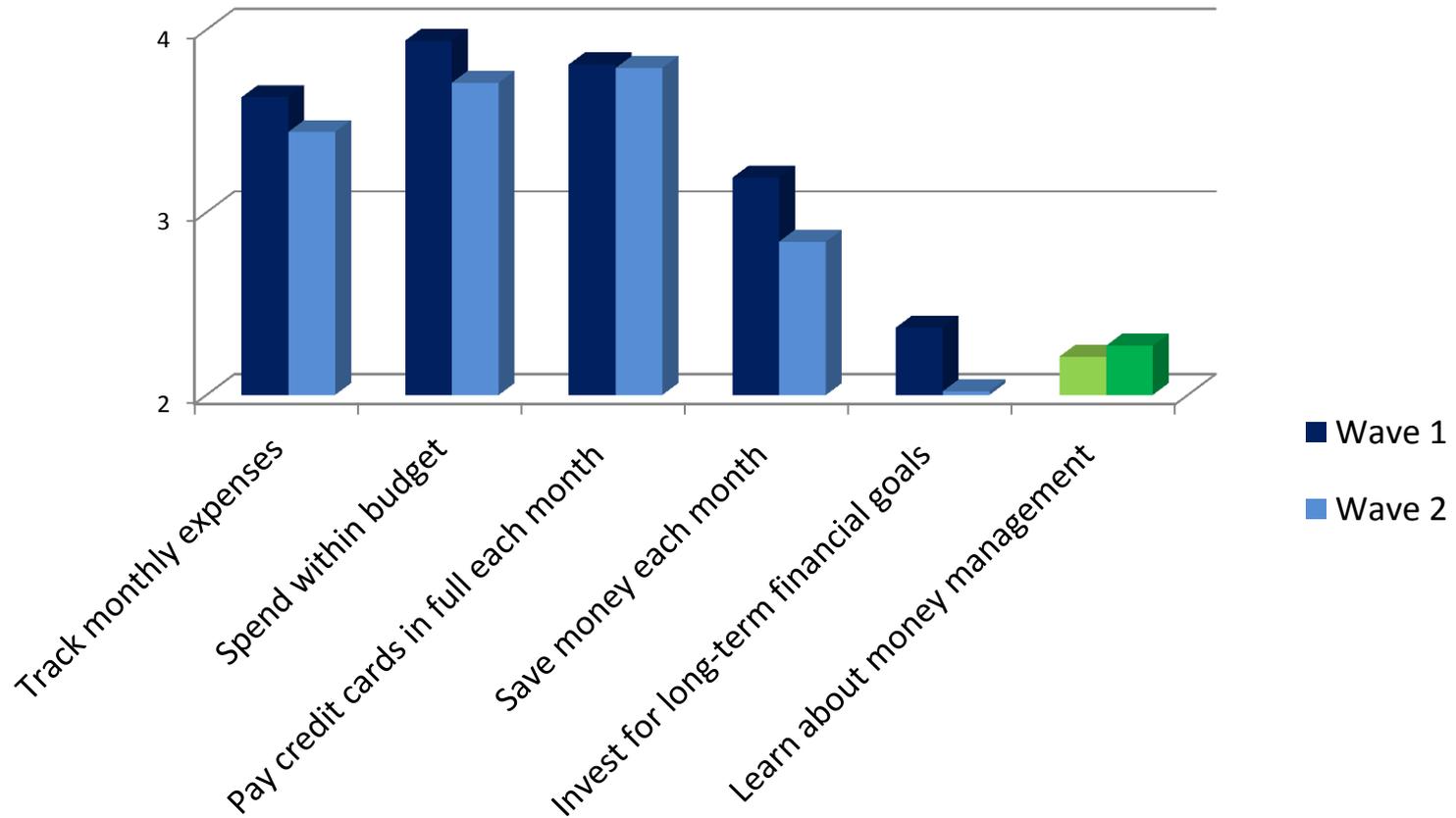


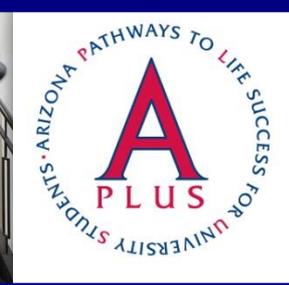
# FINANCIAL SELF-AWARENESS



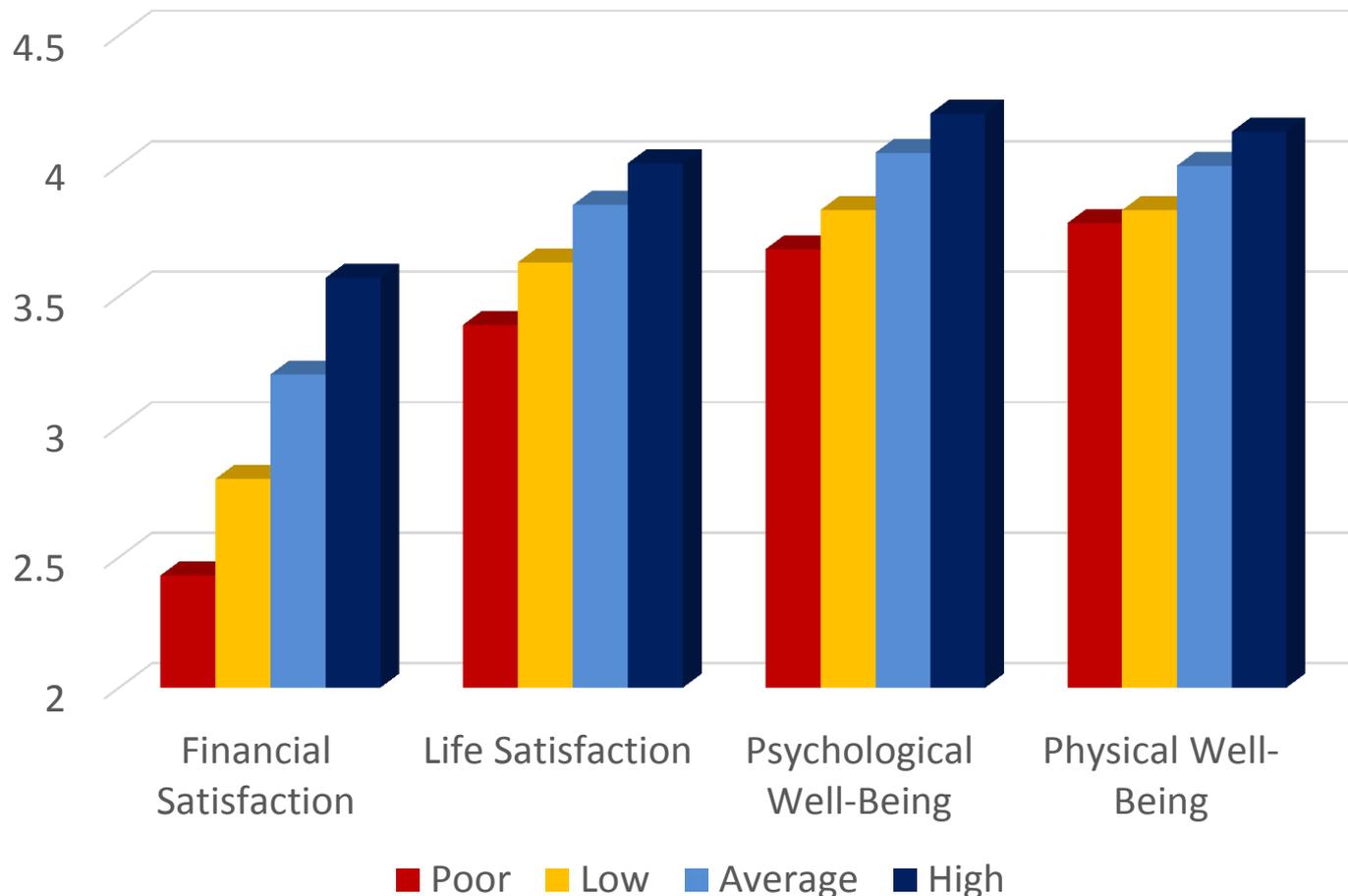


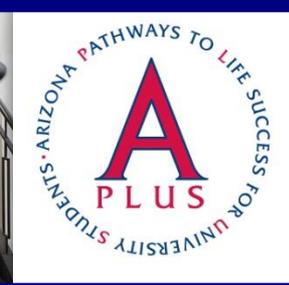
# FINANCIAL BEHAVIOR





# FINANCIAL BEHAVIOR AND WELL-BEING





# THEORETICAL MODEL OF FINANCIAL CAPABILITY

## Socialization

**Financial Parenting**  
**Peer Relationships**

## Cognition

**Subjective financial knowledge**  
**Objective financial knowledge**



## Self-Awareness

**Financial attitudes**  
**Perceived financial control**  
**Financial efficacy**



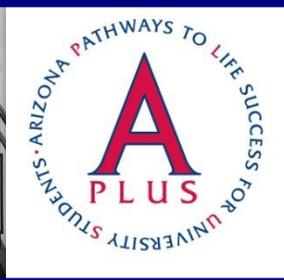
## Behavior

**Saving**  
**Budgeting**  
**Investing**  
**Tracking**



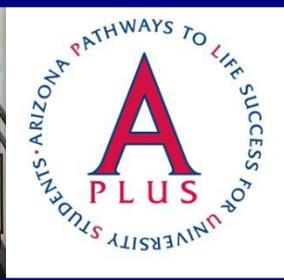
## Well-Being

**Financial**  
**Physical**  
**Psychological**  
**Life Satisfaction**



*Money, Consumers, and Finance*

# PUTTING RESEARCH INTO PRACTICE



# FINANCIAL PARENTING = FINANCIAL SOCIALIZING

- Model Personal Finance
- Dialogue about financial matters
- Set Expectations
- Teach specific strategies

***It's more about what parents do than what parents have***



# FINANCIAL LEARNING IS ONGOING

- Practice making financial choices
- Recognize that financial decision-making is a daily event
- Things change... things are always changing

***Try it...see what happens...adapt***



## Financial Education Promotes Financial Awareness

- Lecture less – coach more: case studies, scenarios, problem solving
- Keep it real
  - timely & relevant topics
  - practical implications
- Individual understanding is evolving

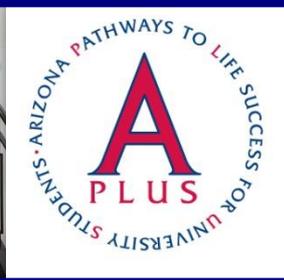
***Each lesson is the seed for the next class, seminar, workshop.***



## PERSONAL FINANCE IS...*PERSONAL*

- Personal goals and values - the foundation of personal financial style
- Financial style - the way you approach financial choices
  - Financial style comes from self-understanding and self-expression
- There is a “cause and effect” inherent in financial choices

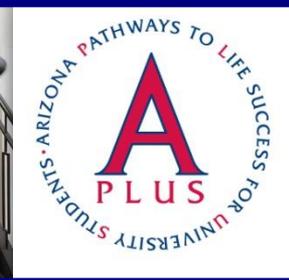
***Proactive financial choices promote financial well-being***



# PROACTIVE PERSONAL FINANCE

## Four-step process:

- Start with a goal or purpose
- Gather information (multiple sources)
- Evaluate information
- Make best choice (for you)



## FINANCIAL WELL-BEING ≠ WEALTH

- Invest in yourself
- Career planning is one of the most important financial decisions you will make
- Financial well-being is a personal assessment of satisfaction with one's finances.

***Financial well-being contributes to quality of life***



## STUDENTS' COMMENTS

“I found the lessons about how to divide your money between savings, wants, needs, etc. the most helpful because in a couple years I will start a real job and now I know how to use that money. **I will also be sharing this info with my parents** to try and help them with their finances.

“I enjoyed the lesson about debit cards vs credit cards because **I didn't know** debit cards weren't secure for online purchases.”

“I enjoyed the **investing segment** of the class.”

“Thank you for a great semester. I can honestly say that I learned the most **useful information** in this class than any class I've taken over my past 2 years.



## STUDENTS' COMMENTS

“Content was relevant and taught in a way to make it easy to understand.”

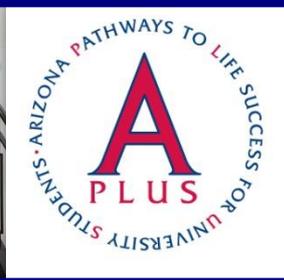
“Thank you for making this course interesting and fun. I look forward to talking to my parents about money over the break!”

“The homework was a fair amount of work. The grade set up is very fair and ensures that it is your own fault if you fail because we have so many opportunities for points.”



## STUDENTS' COMMENTS

I've attached the insurance assignment to this email as a last resort for me to possibly get points back on it. I know that you will probably not accept this, I wouldn't either as a teacher. I won't lie to you I just did this and I am so very angry with myself that I completely forgot about this simple assignment, there is no excuse for forgetting to do it. The last thing I want to say is that I know you have nothing to do with me not getting these six points. **This is my fault, I put myself into this and I will take this as a life lesson.** I just want to thank you for at least taking the time to look over it and give it consideration.



# Questions?