

aplus

PATHWAYS TO HAPPINESS

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2007

Why are college students misusing credit cards?



Why
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How do college students acquire financial knowledge and skills?

Does college student financial knowledge or financial skill even matter in the long term?



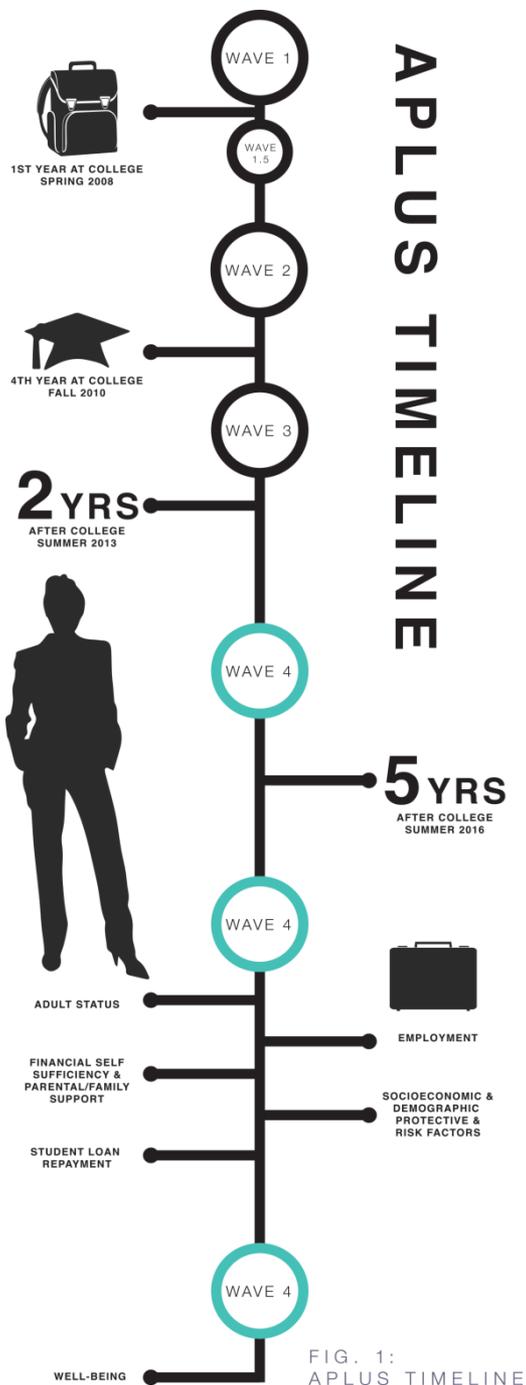


FIG. 1:
APLUS TIMELINE

Spring 2008: What are the pre-college and early college experiences that contribute to college students' financial attitudes and behaviors? (N=2,098; Ages 18-21)

Spring 2009: How does a severe economic recession impact college students' financial behaviors? (N=748; Ages 19-22)

Fall 2011: Are young adults prepared for the life-changing experiences awaiting them as they enter the world of full-time adult responsibility? (N=1,511; Ages 21-24)

Spring 2013: What role do life choices and opportunities play in young adults' personal, financial, and career well-being? (N=1,010; Ages 23-26)

Spring 2016: How are changing economic and social condition related to young adults' achievements and happiness? (N=855; Ages 26-29)

Today

- Describe the developmental transition of APLUS participants
- Identify factors that contribute to / undermine financial capability over time
- Provide insights on the *interplay* of finances and young adults' happiness

The (college) Kids Are (mostly) Alright!

CHANGES IN EMPLOYMENT STATUS: WAVE 3 TO WAVE 4

THE PAST 3 YEARS SAW EMPLOYMENT GAINS ACROSS THE BOARD FOR APLUS PARTICIPANTS

53%



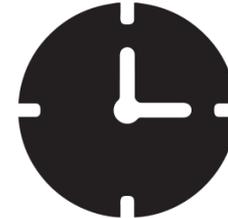
FTE

2%



SELF-EMPLOYED

79%



FTE

5%



SELF-EMPLOYED

WAVE 3

WAVE 4

23%



PTE SEEKING FTE

8%



UNEMPLOYED SEEKING FTE

12%



UNEMPLOYED NOT SEEKING

10%



PTE SEEKING FTE

3%



UNEMPLOYED SEEKING FTE

4%



UNEMPLOYED NOT SEEKING

BUT

GENDER WAGE GAP:

- **45% of men were earning over \$60,000/yr**
- **Compared to 27% of women**

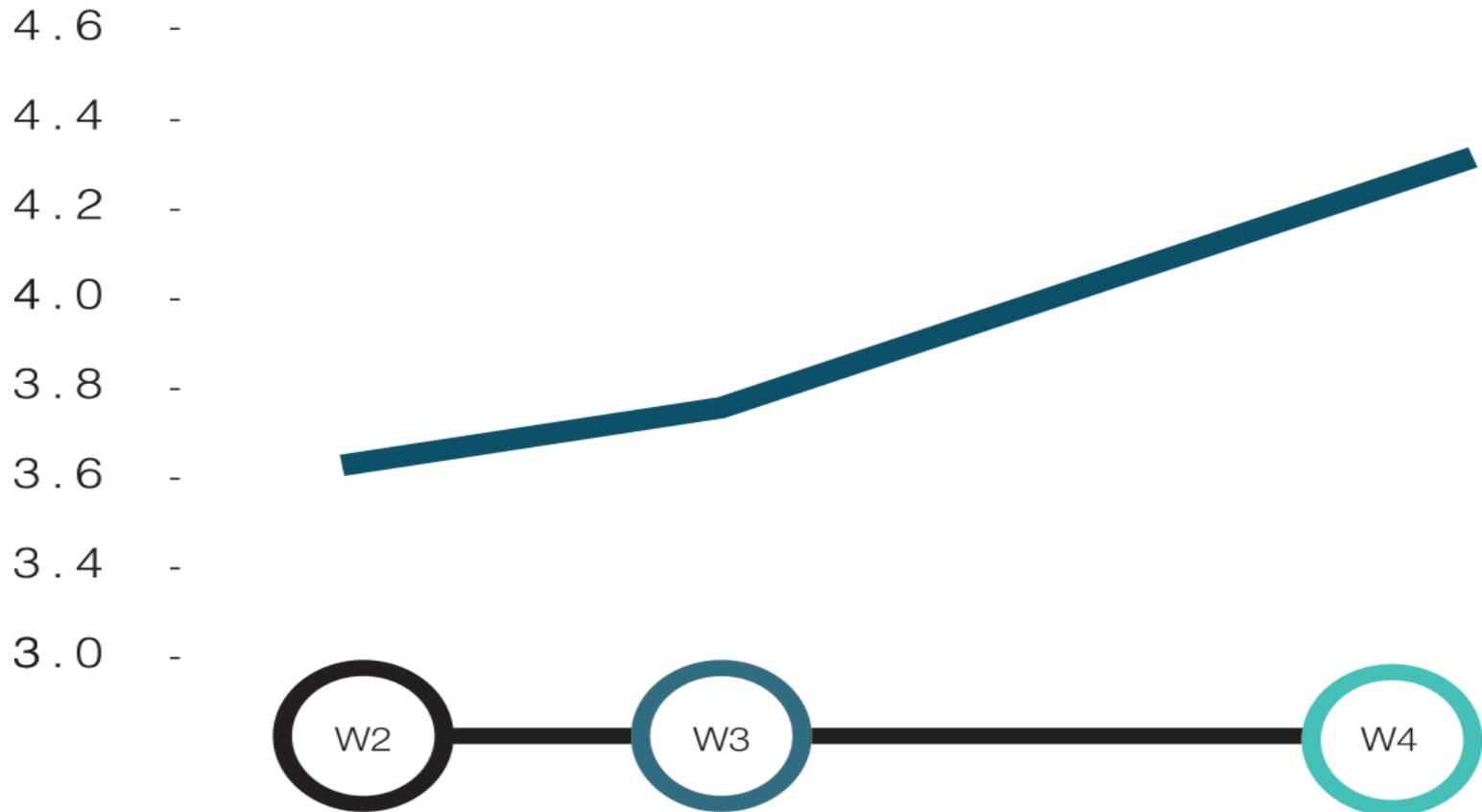
Other Markers of Adult Status

- **Education - 97% have a college degree**
Pew Research Center, 2015
- **Employment – only 2.8% unemployed**
Bureau of Labor Statistics, 2016
- **Living on their own – only 11% lived with parents**
Fry, 2016
- **Forming committed relationships (64%)**
Saad, 2015
- **Becoming parents? Not so much (10%)**

Fleming, 2016

All Grown Up?

SELF-ASSESSED ADULT STATUS
OVER TIME





UNITED STATES OF AMERICA

IN GOD WE TRUST

ONE



ONE



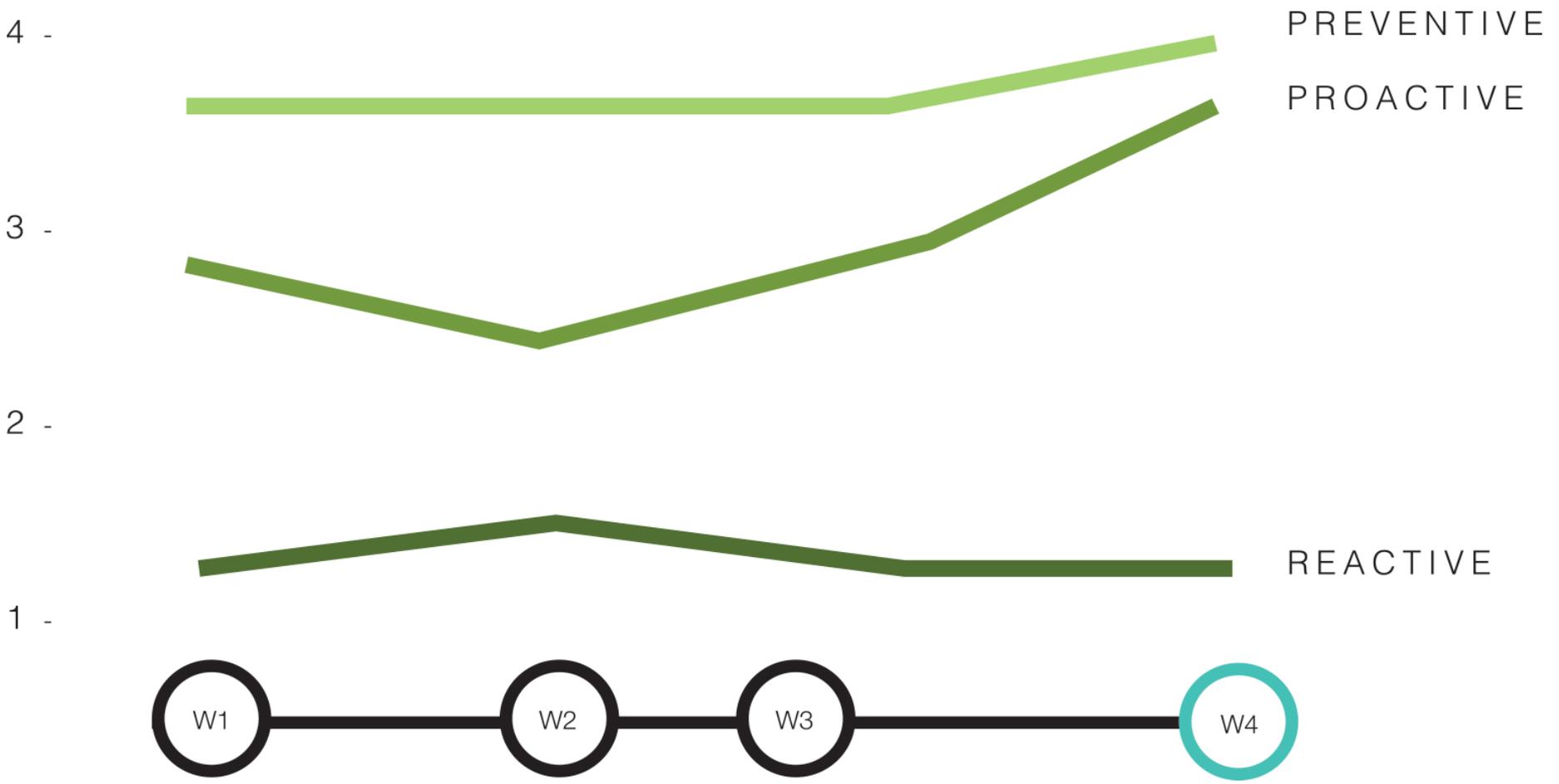
Henry M. Paulson Jr.
Secretary of the Treasury

8

SERIES 2006

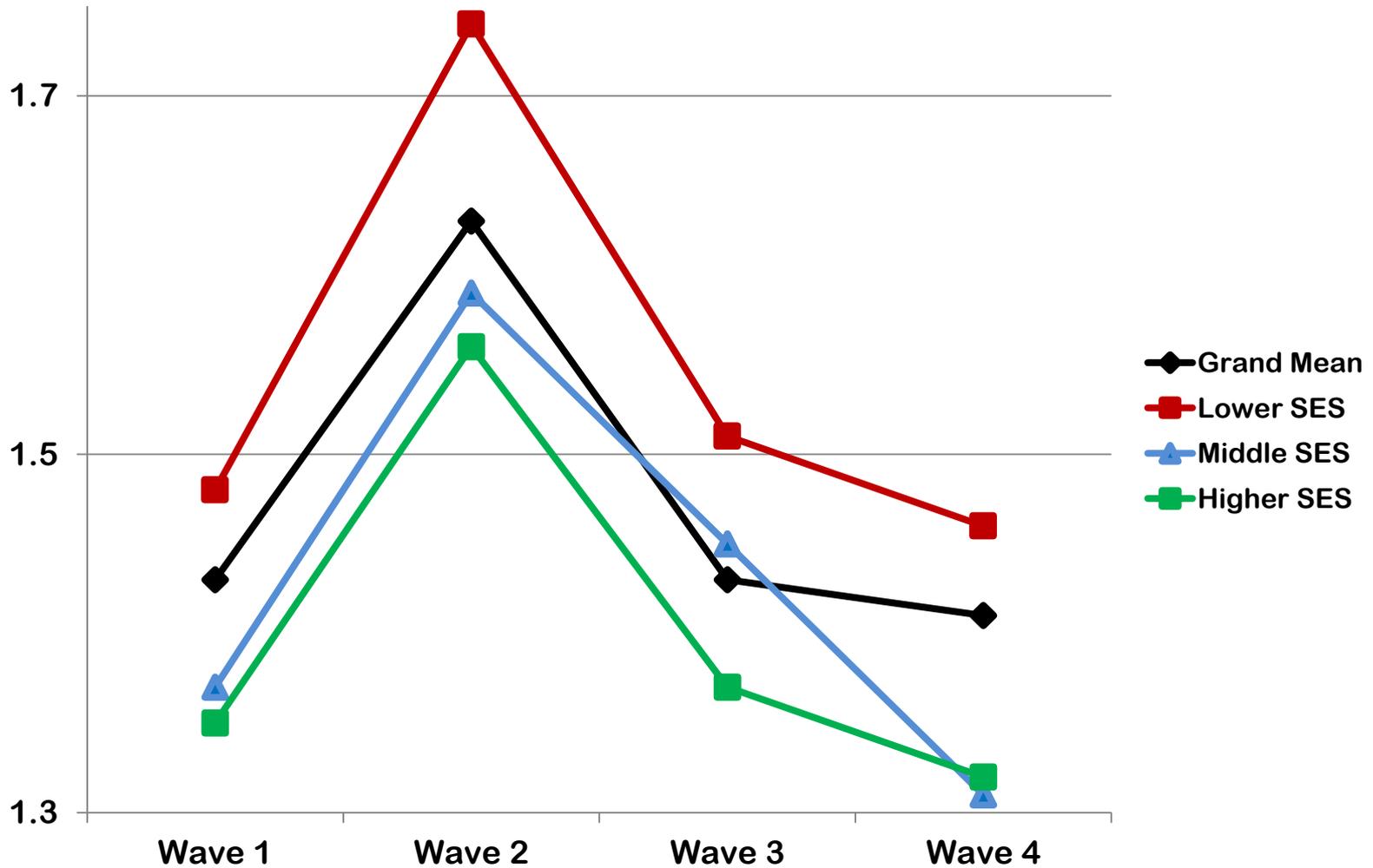
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Financial Capability in Action

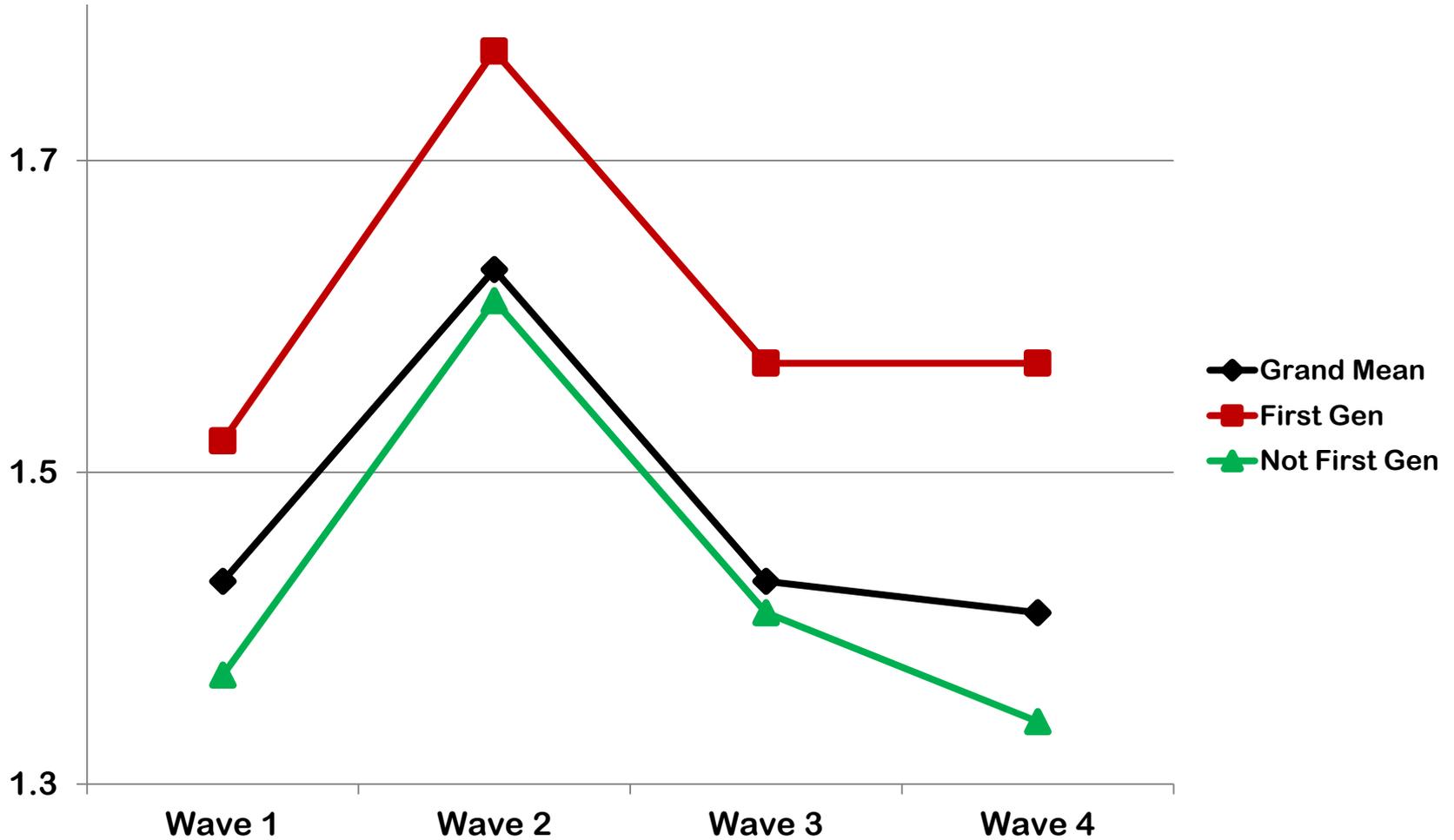




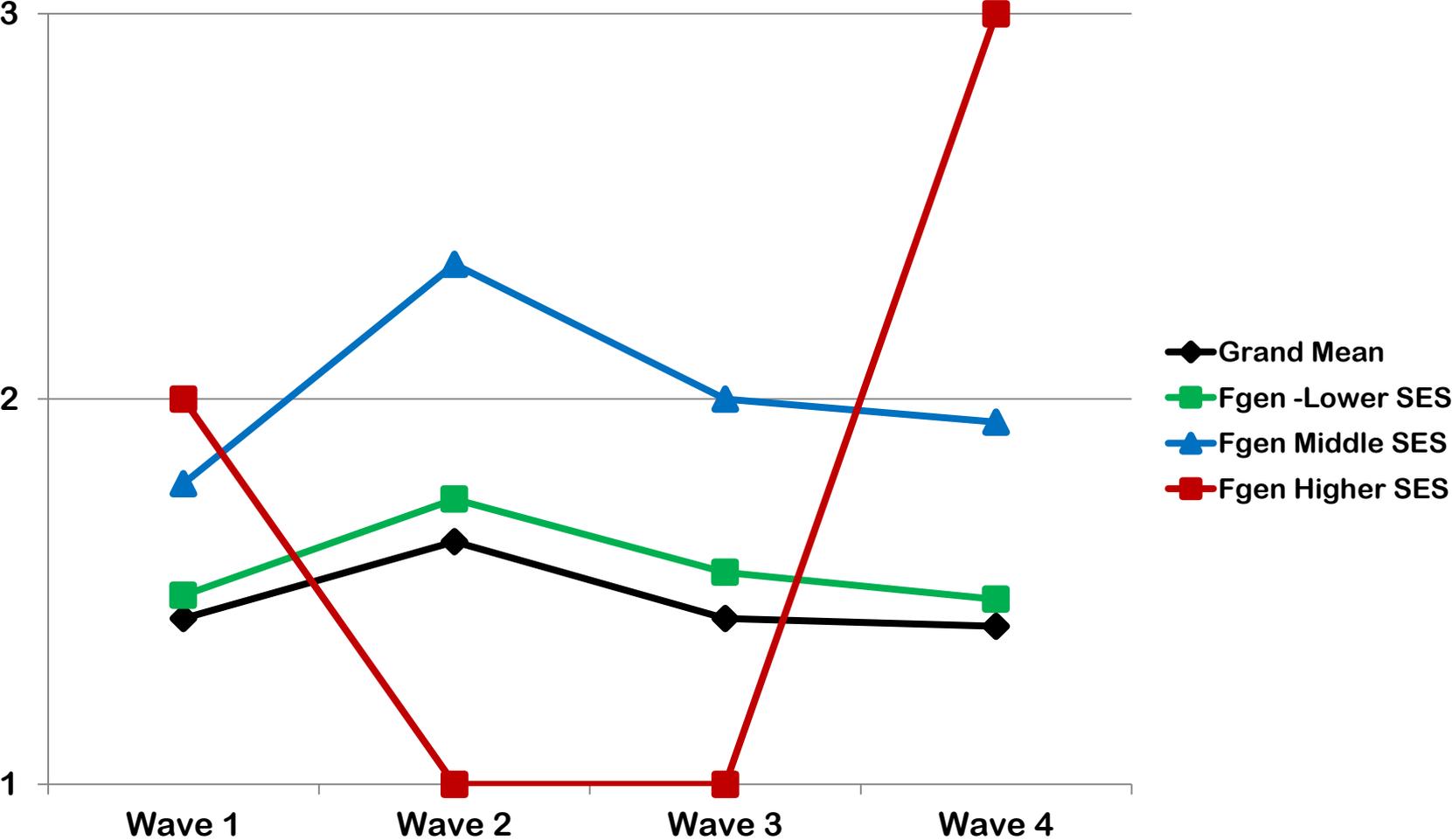
Reactive Behaviors BY SES



Reactive Behaviors By First-Gen Status

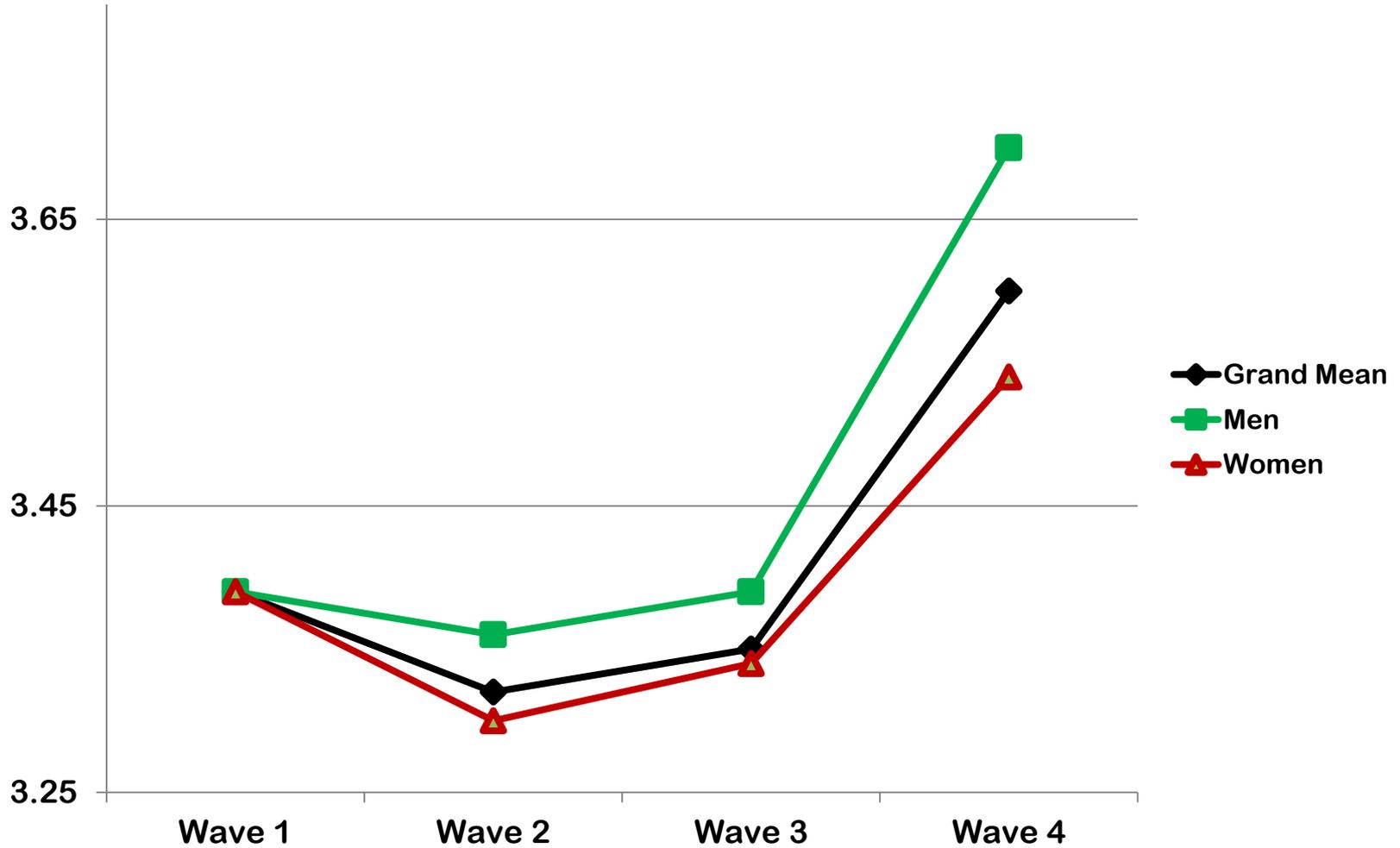


Reactive Behavior By SES and First Gen Status

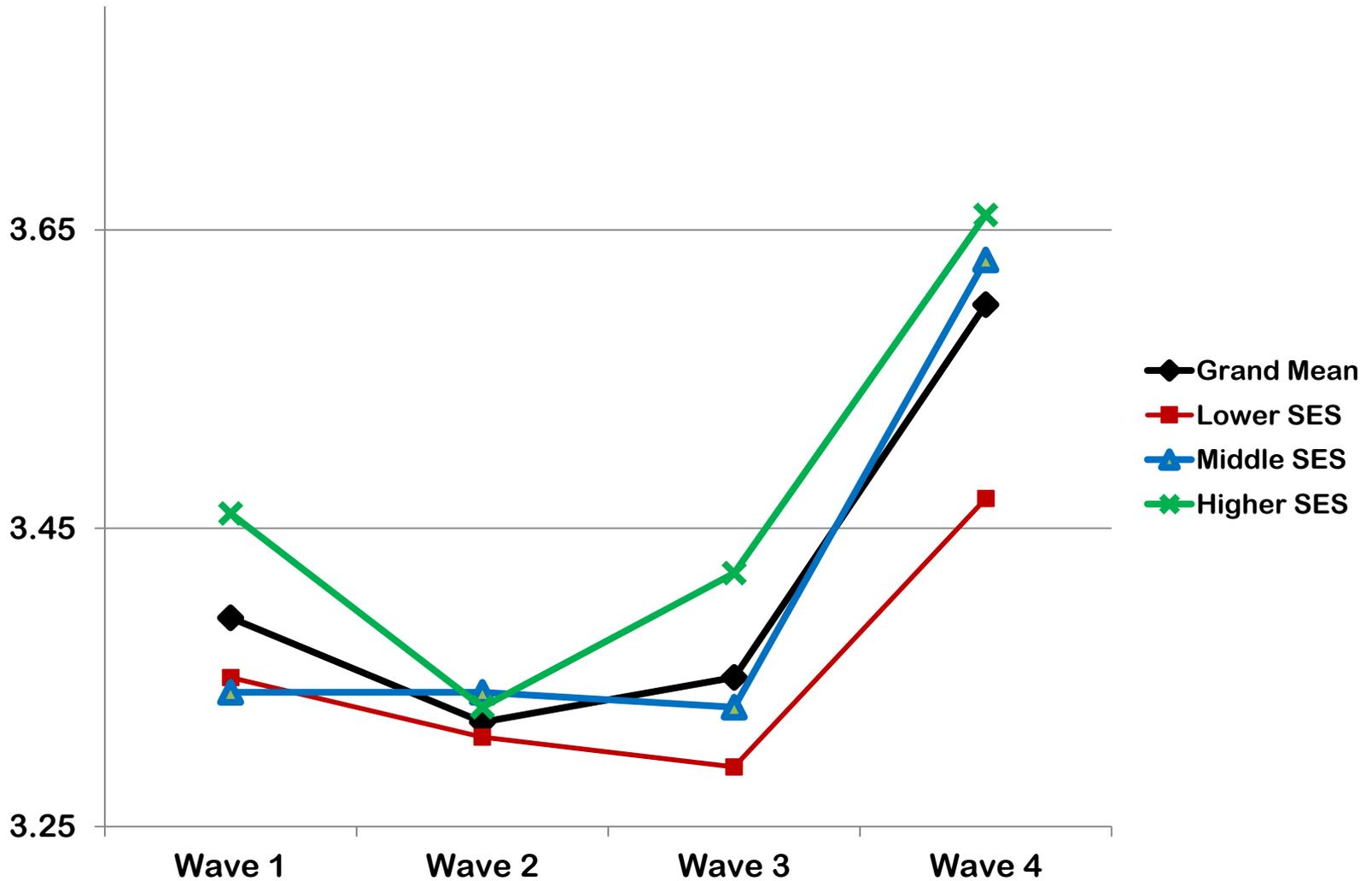




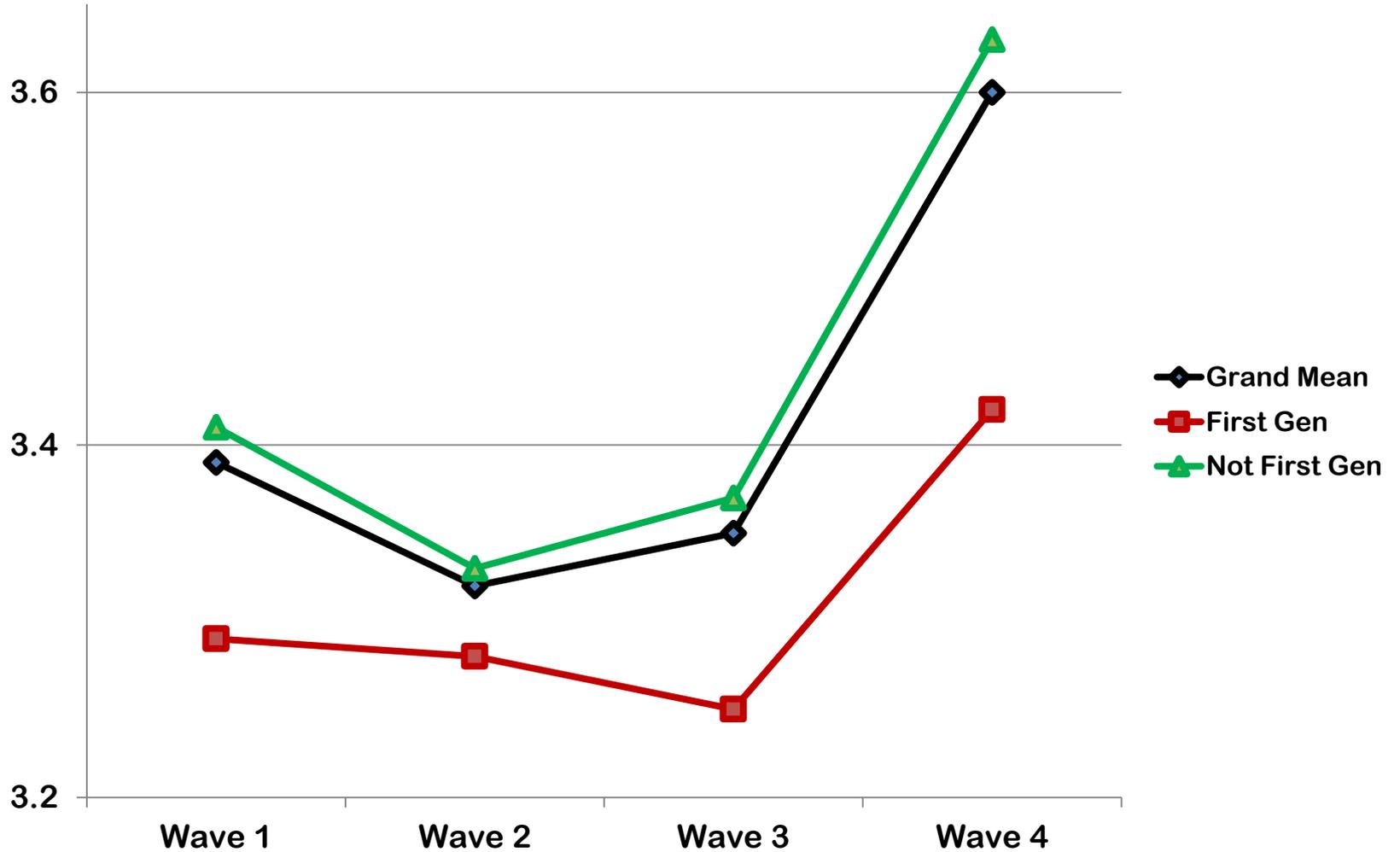
Preventive Behaviors By Gender



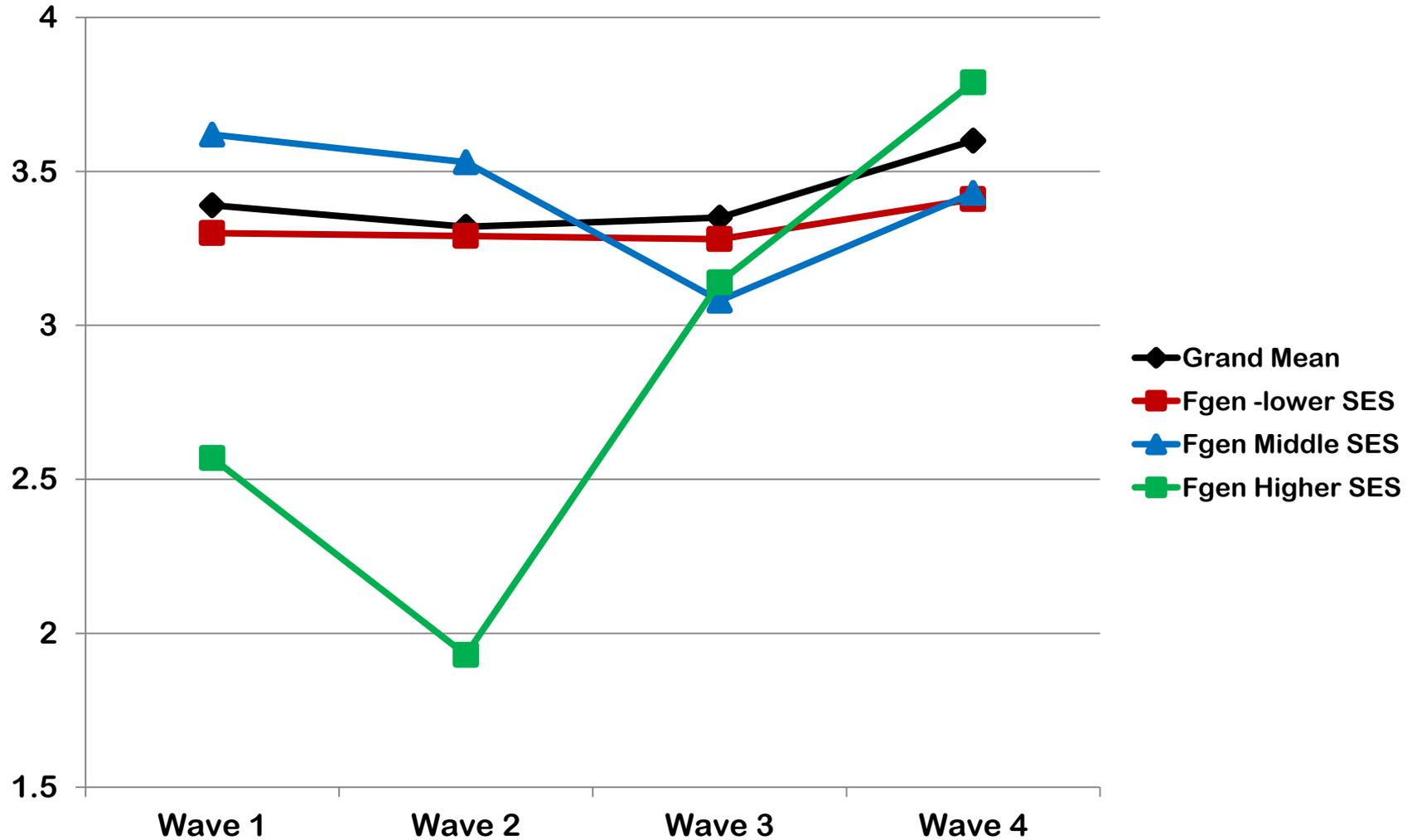
Preventive Behavior By SES



Preventive Behaviors By First-Gen Status

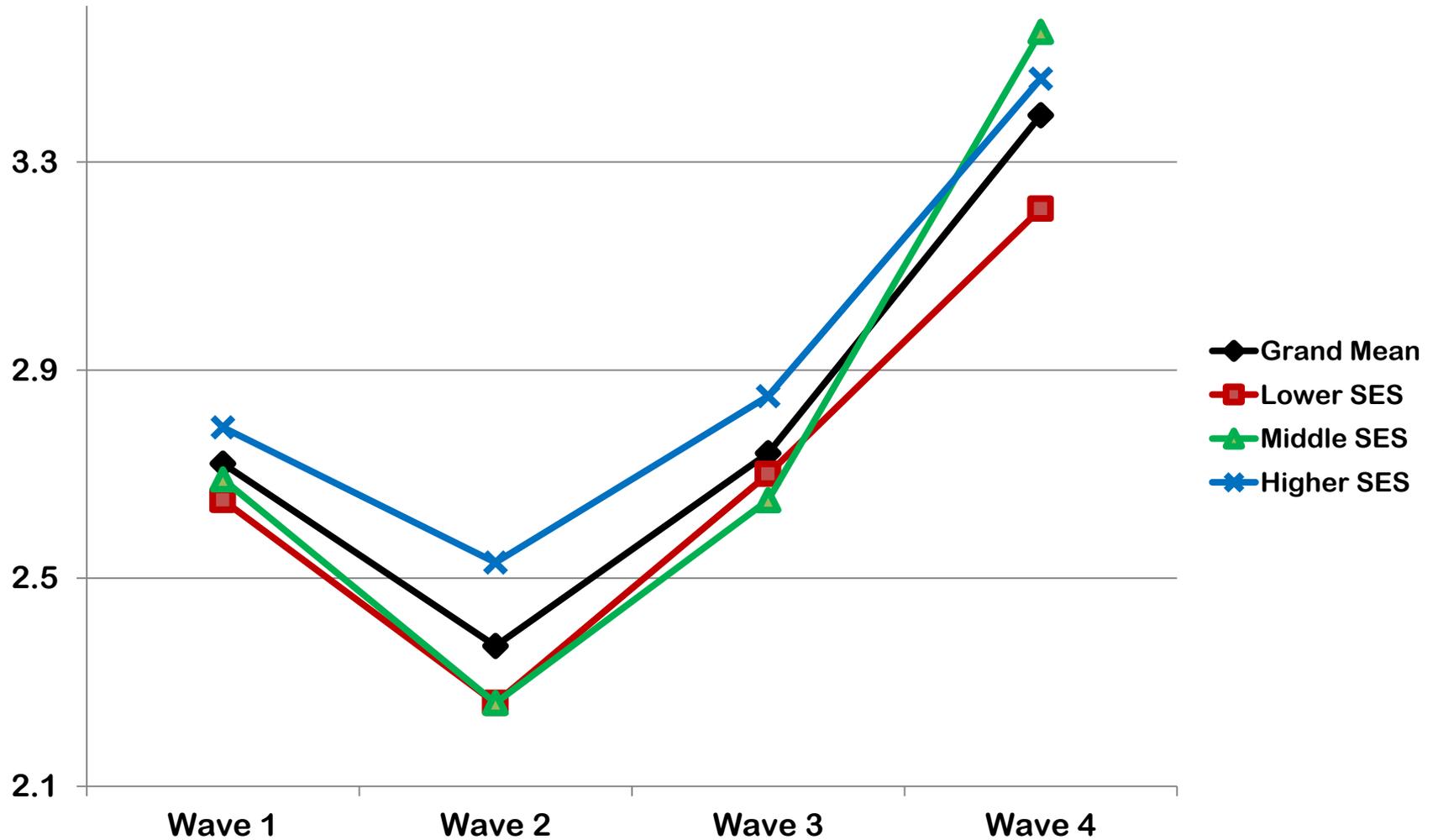


Preventive Behaviors BY SES and First Gen Status

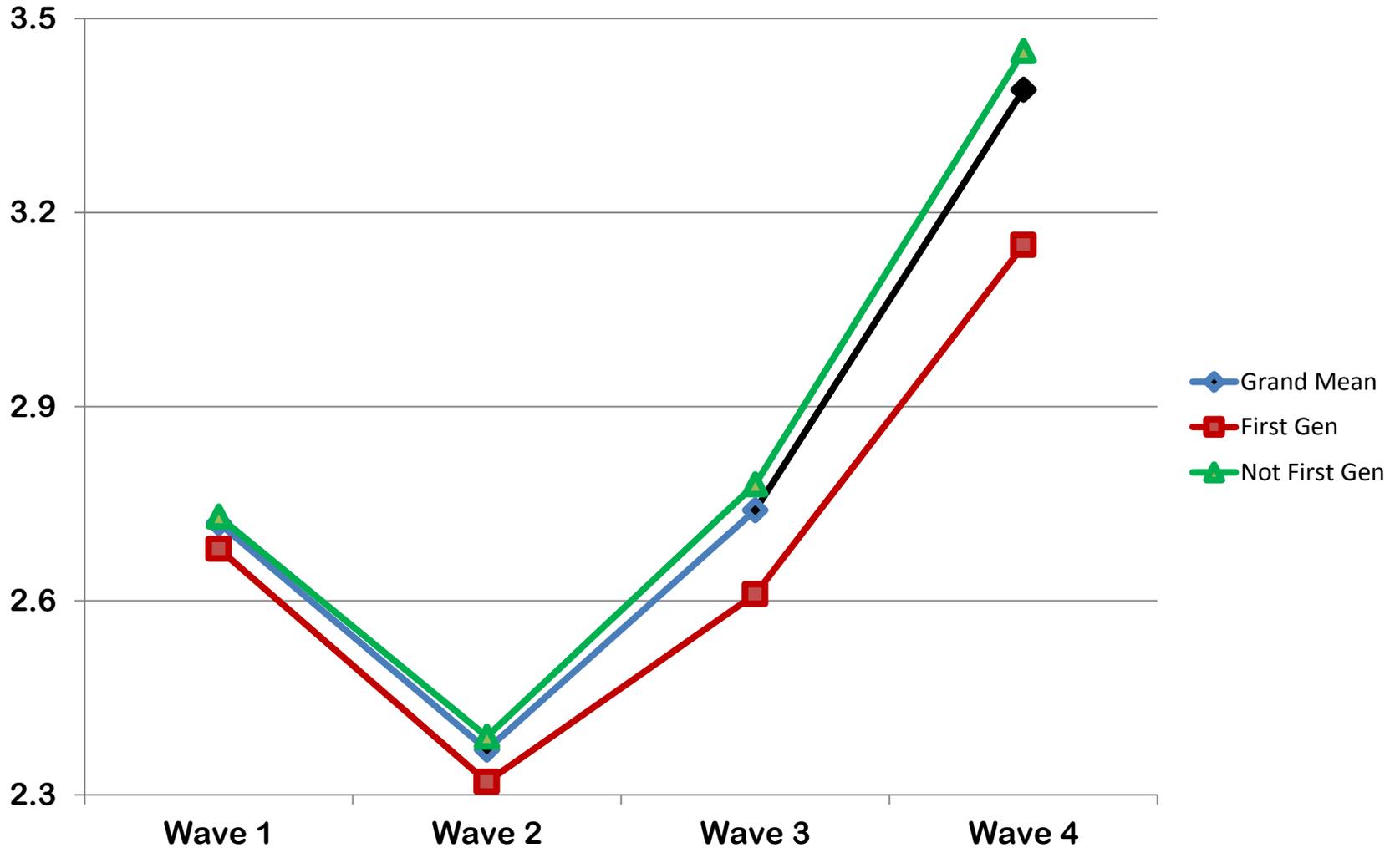




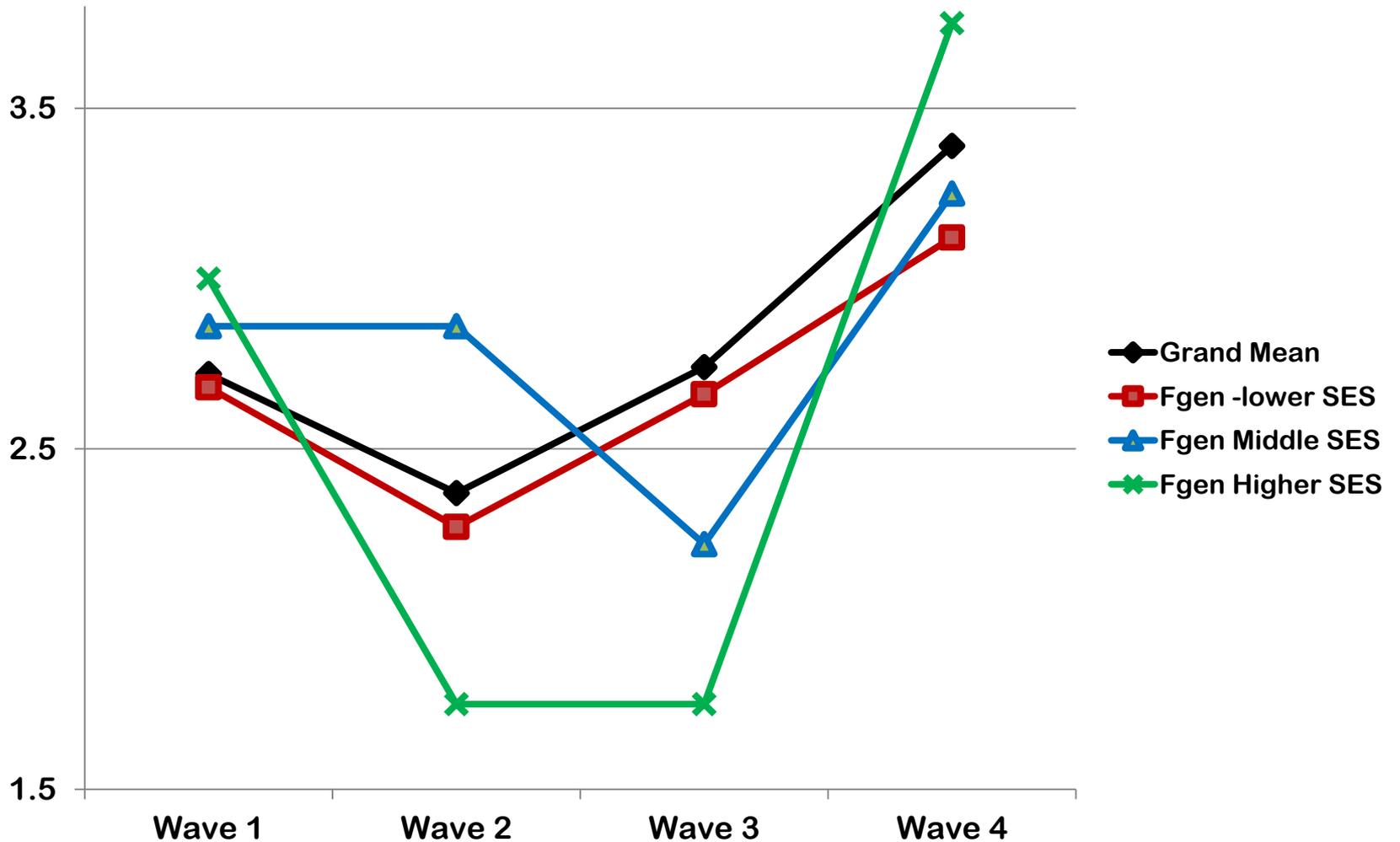
Proactive Behavior By SES



Proactive Behaviors By First-Gen Status



Proactive Behaviors BY SES and First Gen Status

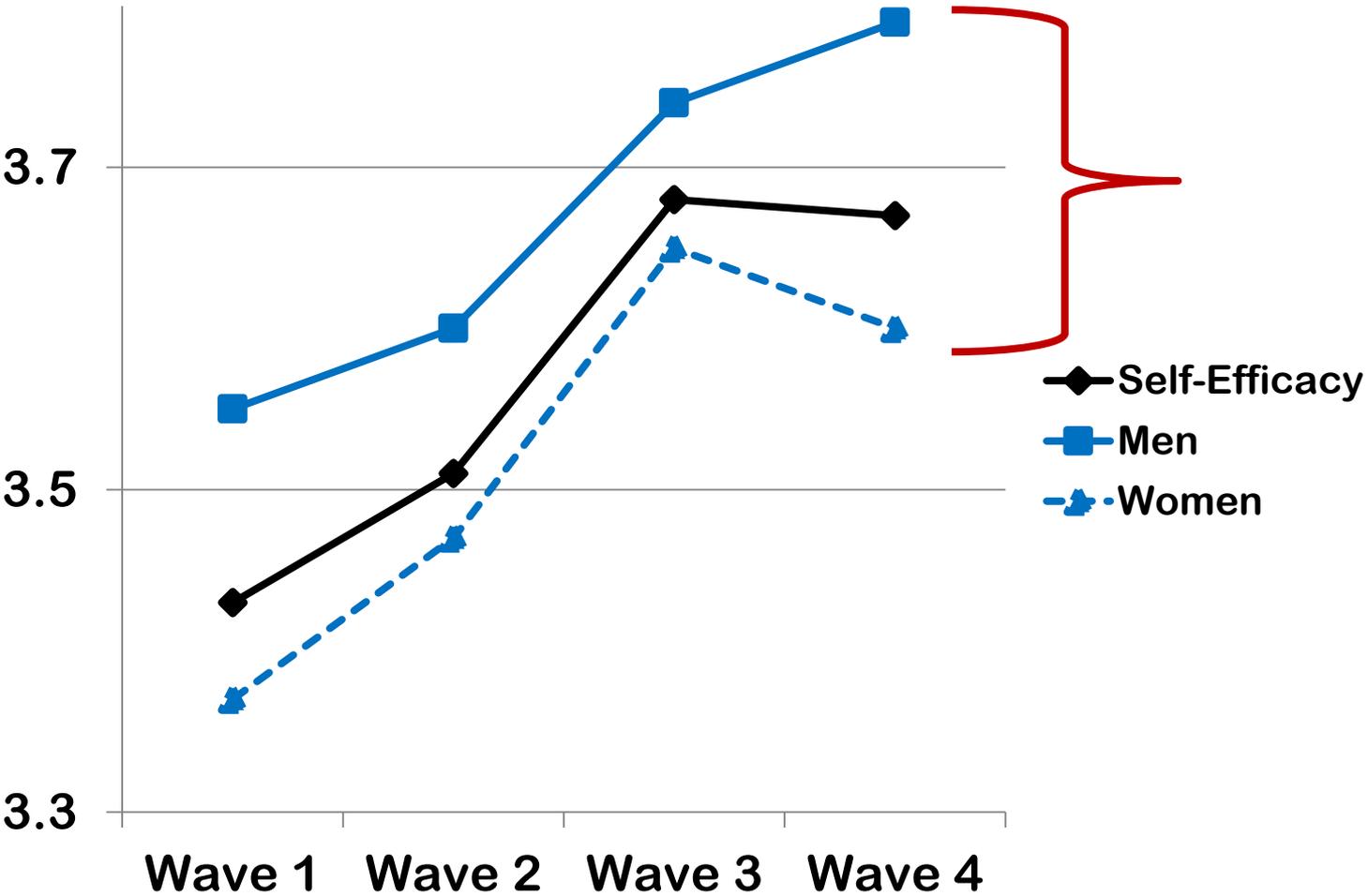




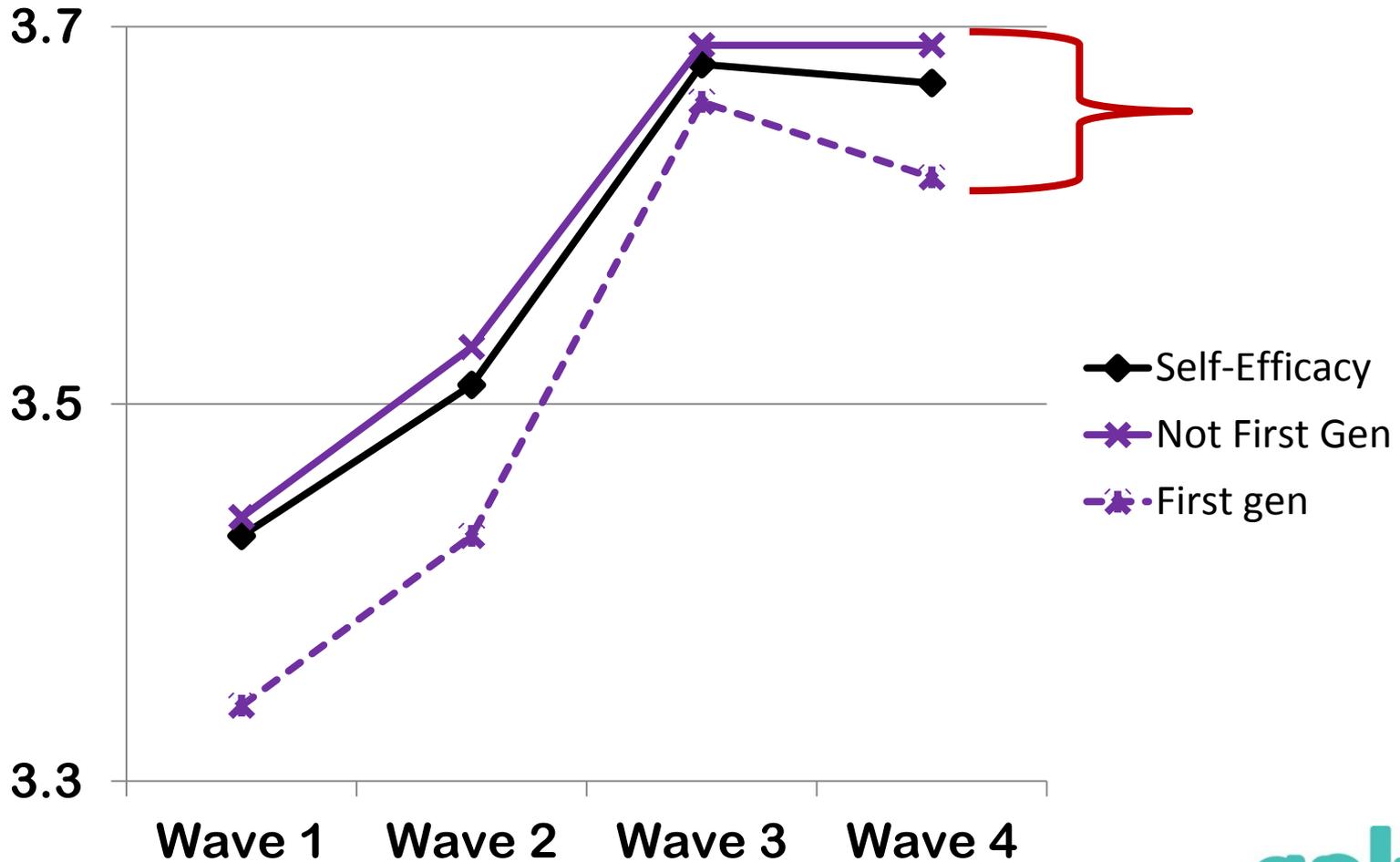
All Things Being Equal...

- Sociodemographics (gender, race, ethnicity, first gen status) don't matter.
- But personal agency and knowledge matter:
 1. Financial Self-Efficacy ($\beta=.343$)
 2. Subjective Financial Knowledge ($\beta=.182$)
 3. Planning Horizon ($\beta=.157$)
 4. Objective Knowledge ($\beta=.093$)

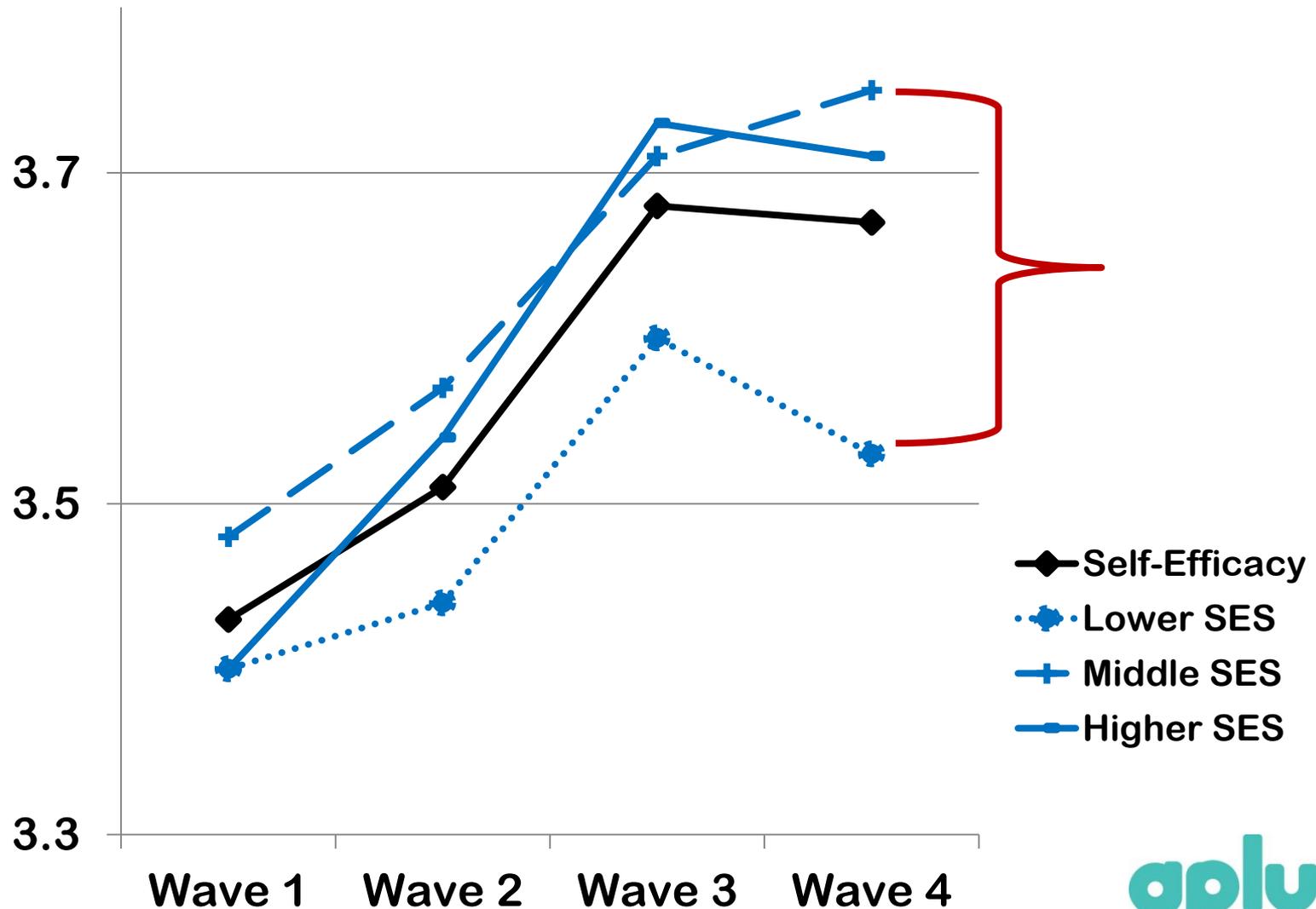
Financial Efficacy By Gender



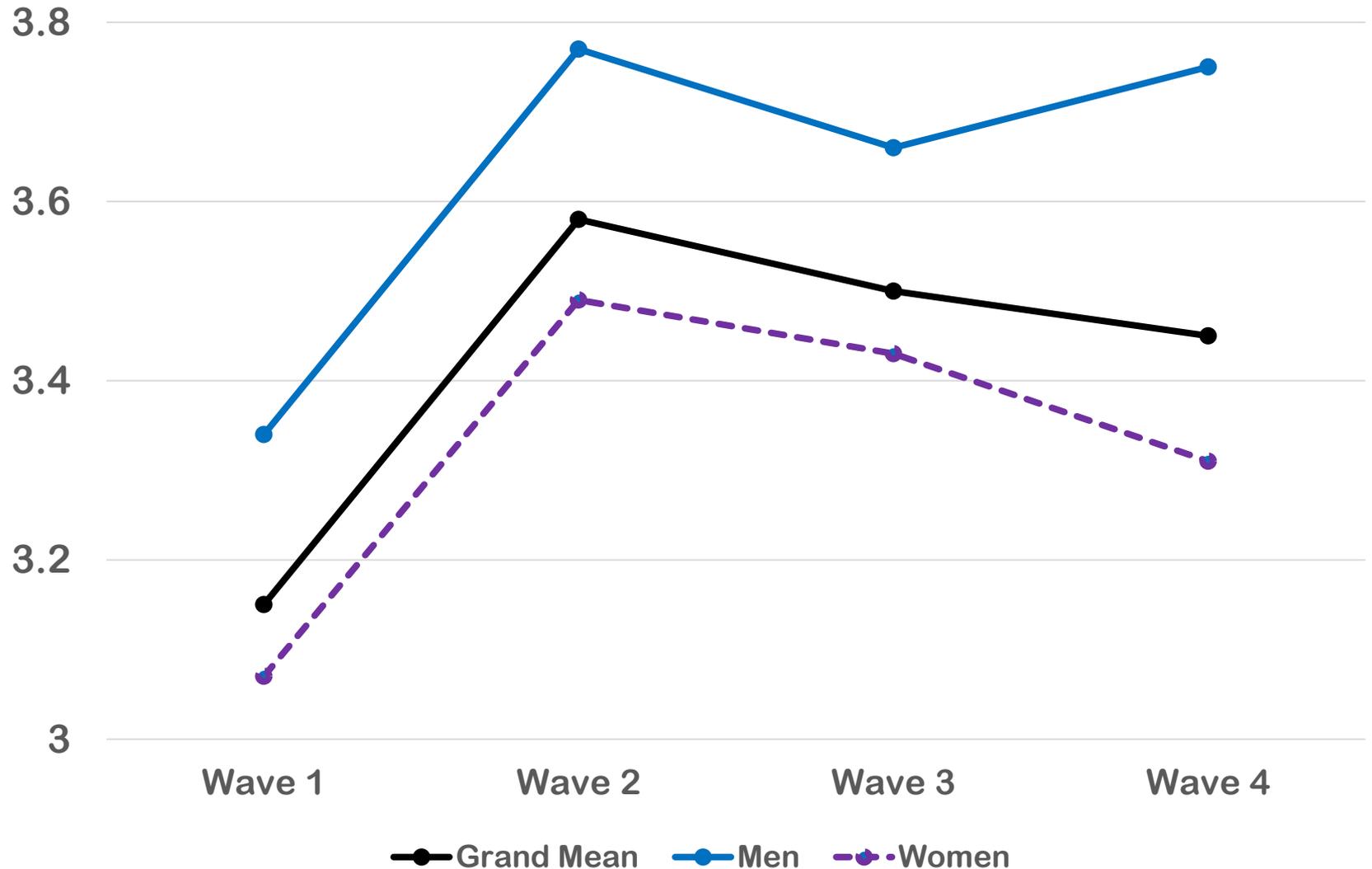
Financial Efficacy By First Gen Status



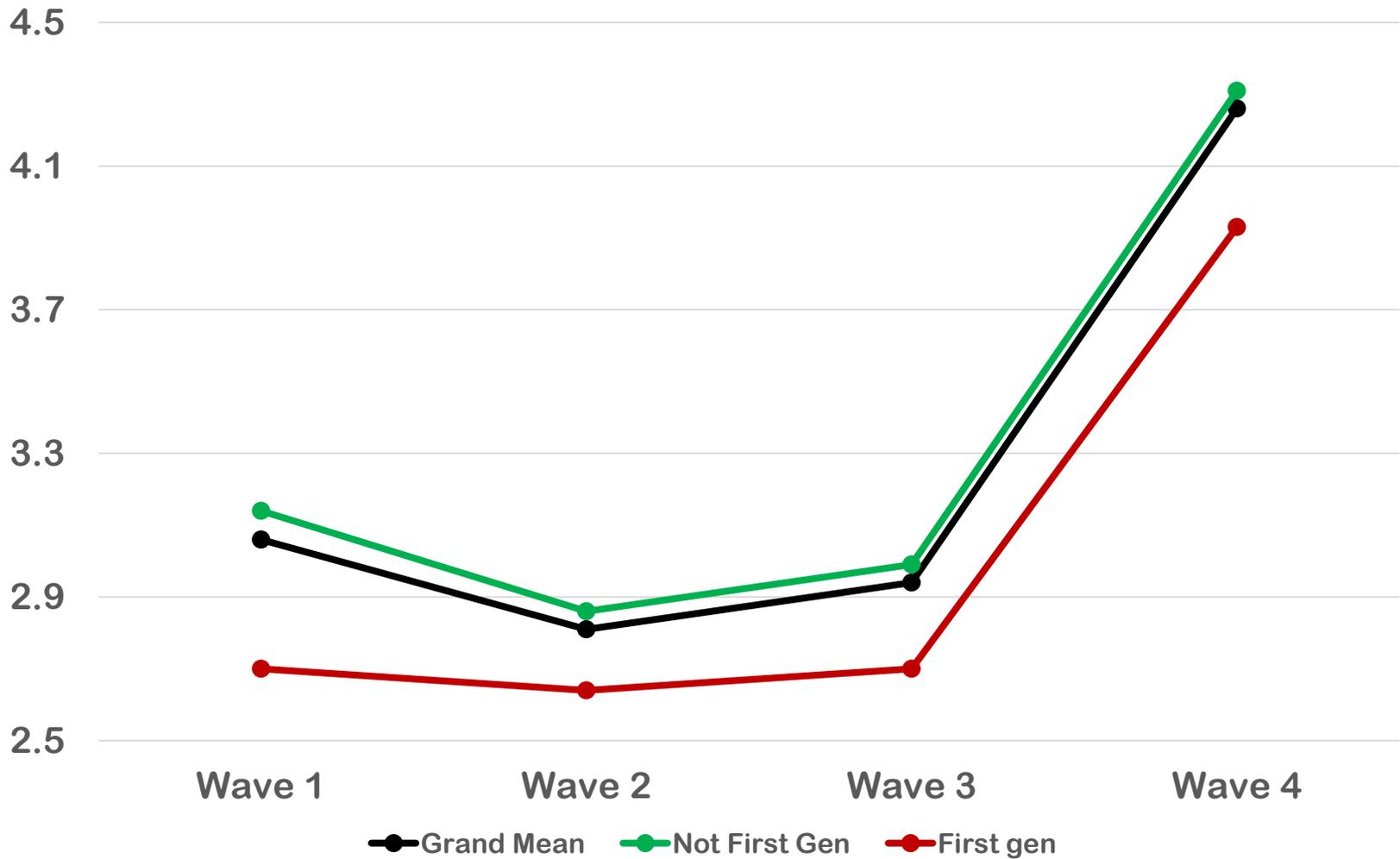
Financial Efficacy By SES



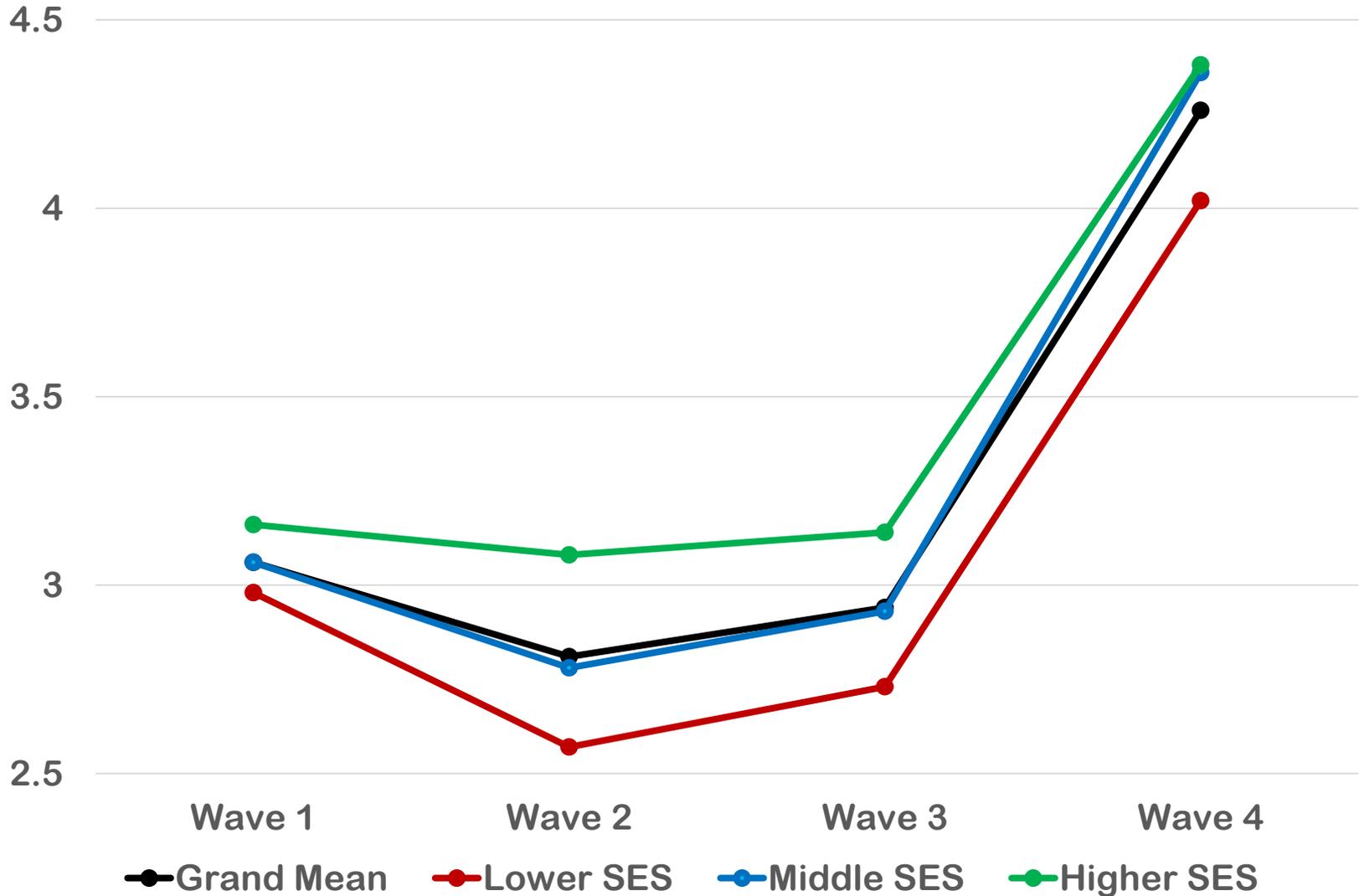
Subjective Financial Knowledge By Gender



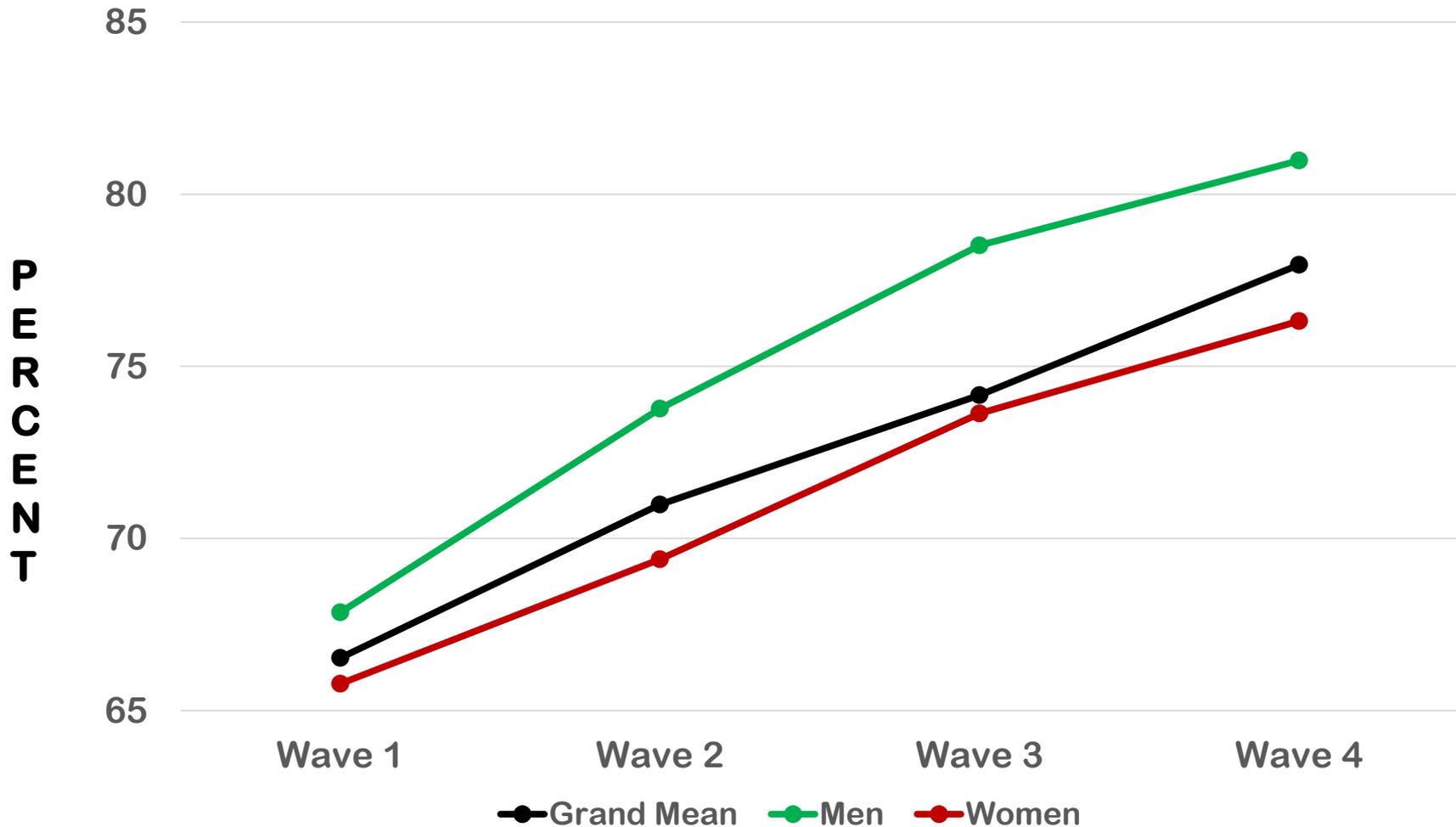
Planning Horizon By First Gen Status



Planning Horizon By SES



Objective Financial Knowledge By Gender



What's Not Equal...

- Financial Self-Efficacy (**Women**, Fgen, lower SES)
- Subjective Financial Knowledge (**Women**)
- Planning Horizon (Fgen, Lower SES)
- Objective Knowledge (**Women**)
- *Why?*



Student Loan Debt

- **Of 32% with outstanding loans, Average \$26,000 (compared to \$27,000 nationally)**

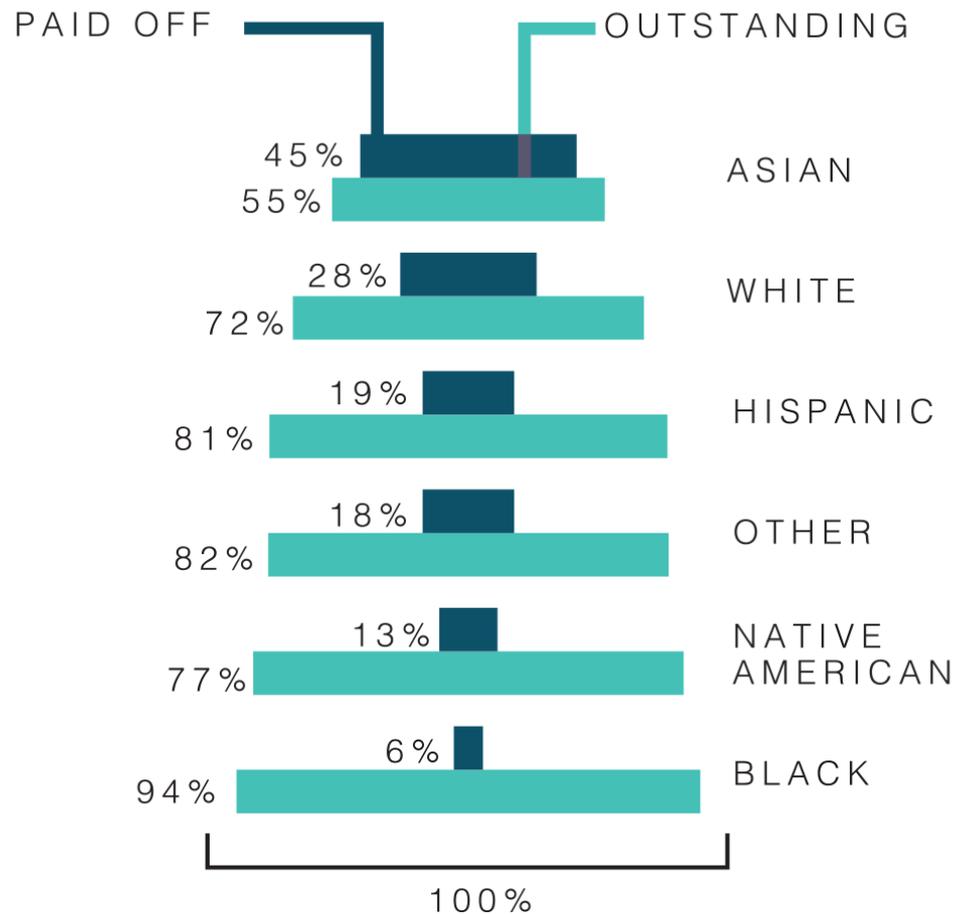
Pew 2015

- **Black (2.5x), Hispanic (1.7x) and Native American students (2.1x) compared to White**
- **Lower SES (2.5x), Middle SES (1.8x) compared to Higher SES**
- **First gen (1.9x) compared to non First gen**

College Board, 2016

Student Loan Debt Status

W4

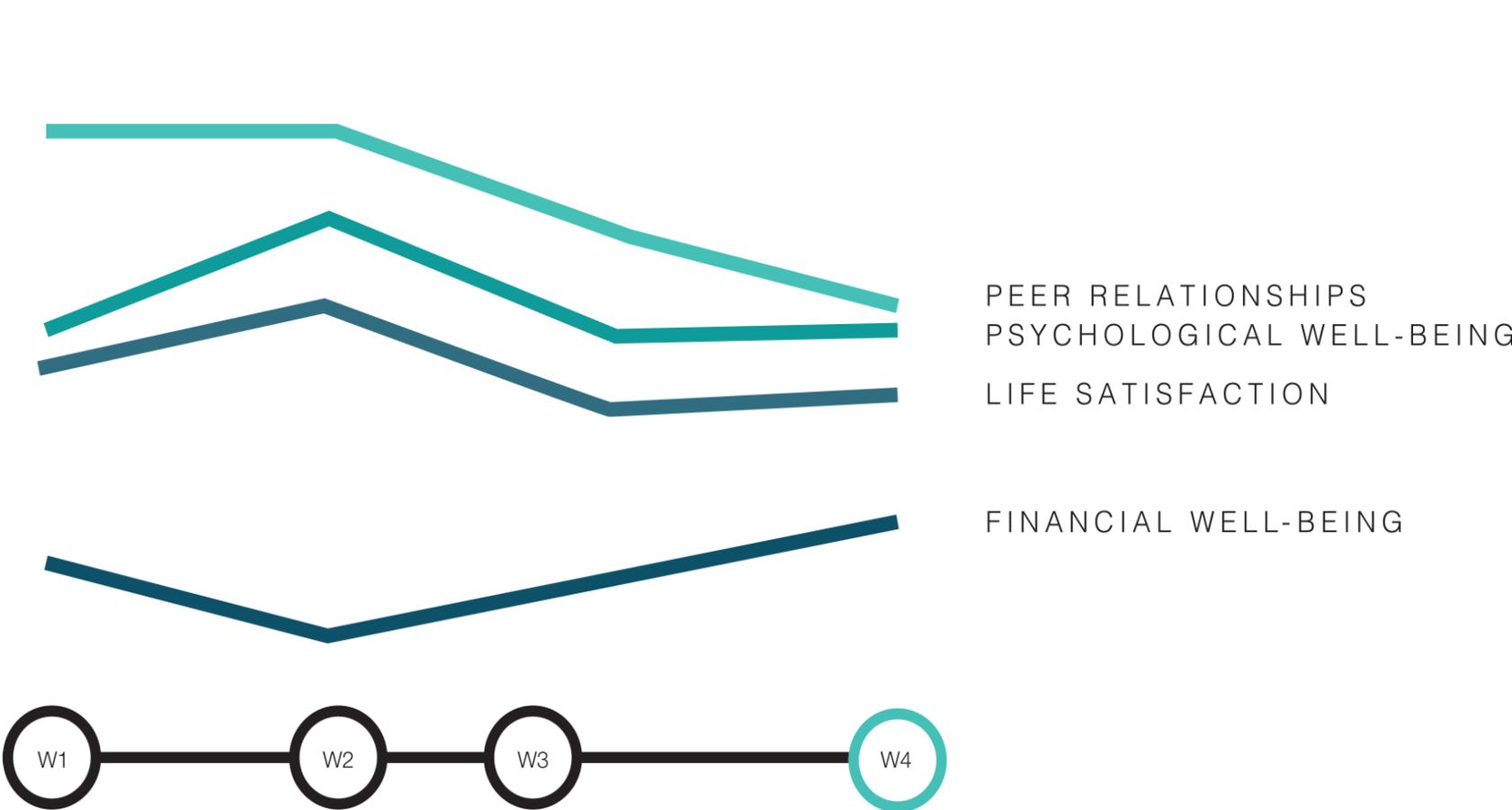


Does Student Loan Debt Impact Financial Behavior?

- Reduces Proactive Behavior ($\beta = -.165^{**}$)
- Increases Reactive Behavior ($\beta = .085^{**}$)
- *Presence of debt, not debt amount, matters*



How Happy Are They?



Does Money Make Young Adults Happy?

- **Peer Relationships**
 - + Subjective Knowledge*
 - + Preventive Financial Behavior*
- **Financial Satisfaction**
 - + Financial Self-Efficacy***
 - + Annual income***
 - + Proactive Financial Behavior***
 - *Reactive** and Preventive** Financial Behavior and Debt Reduces Financial Satisfaction**

Does Money Make Young Adults Happy?

- **Life Satisfaction**
 - + Financial Self-Efficacy***
 - + Annual income***
 - + Proactive Financial Behavior*
 - *Debt reduces Life Satisfaction**
- **Overall Well-Being**
 - Financial Self-Efficacy***
 - Subjective Knowledge*
 - Annual income***
 - Proactive Financial Behavior†

Does Money Make Young Adults Happy?

- **Life Satisfaction**

- + Financial Self-Efficacy***
- + Annual income***
- + Proactive Financial Behavior*
- *Debt reduces Life Satisfaction**

- **Overall Well-Being**

- Financial Self-Efficacy***
- Subjective Knowledge*
- Annual income***
- Proactive Financial Behavior†

A person wearing a blue blazer is holding a white sign. The sign contains a list of three items: '1. Choice', '2. Chance', and '3. Change'. The text is written in a blue, casual, handwritten-style font. The person's hands are visible at the bottom of the sign, and their torso and arms are partially visible in the blue blazer.

1. Choice
2. Chance
3. Change

Next Steps

- Identify within-group factors that distinguish outcomes
- Examining the associations of self-efficacy and young adult outcomes
- Fostering broader research using the APLUS data

