aplus

PATHWAYS TO HAPPINESS

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2007

Why are college students misusing credit cards?
Why are college students misusing credit cards?
How do college students acquire financial knowledge and skills?

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

Wave 3:
- FTE: 53%
- Self-Employed: 2%
- PTE Seeking FTE: 23%
- Unemployed: 8%
- Unemployed Not Seeking: 12%

Wave 4:
- FTE: 79%
- Self-Employed: 5%
- PTE Seeking FTE: 10%
- Unemployed: 3%
- Unemployed Not Seeking: 4%
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
- **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

W2

W3

W4
Financial Capability in Action

- Preventive
- Proactive
- Reactive

W1 W2 W3 W4
Reactive Behaviors BY SES

Wave 1 | Wave 2 | Wave 3 | Wave 4
---|---|---|---
Grand Mean | Lower SES | Middle SES | Higher SES

Graph shows trends in reactive behaviors across different socioeconomic status (SES) levels over four waves.
Reactive Behaviors By First-Gen Status

Wave 1
Wave 2
Wave 3
Wave 4

Grand Mean
First Gen
Not First Gen
Reactive Behavior By SES and First Gen Status

Wave 1 | Wave 2 | Wave 3 | Wave 4
--- | --- | --- | ---
Grand Mean | Fgen -Lower SES | Fgen Middle SES | Fgen Higher SES

Graph showing the reactive behavior by SES and first gen status over waves 1 to 4.
Preventive Behaviors By Gender

- Wave 1
- Wave 2
- Wave 3
- Wave 4

- Grand Mean
- Men
- Women
Preventive Behavior By SES

Wave 1
Wave 2
Wave 3
Wave 4

Grand Mean
Lower SES
Middle SES
Higher SES
Preventive Behaviors By First-Gen Status
Proactive Behaviors By First-Gen Status
Proactive Behaviors BY SES and First Gen Status

Wave 1, Wave 2, Wave 3, Wave 4

Grand Mean
Fgen -lower SES
Fgen Middle SES
Fgen Higher SES
All Things Being Equal…

• Sociodemographics (gender, race, ethnicity, first gen status) don’t matter.
• But personal agency and knowledge matter:
  1. Financial Self-Efficacy ($\beta=0.343$)
  2. Subjective Financial Knowledge ($\beta=0.182$)
  3. Planning Horizon ($\beta=0.157$)
  4. Objective Knowledge ($\beta=0.093$)
Financial Efficacy by Gender

- Self-Efficacy
- Men
- Women
Financial Efficacy By First Gen Status

- Wave 1
- Wave 2
- Wave 3
- Wave 4

- Self-Efficacy
- Not First Gen
- First gen

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Financial Efficacy By SES

Wave 1, Wave 2, Wave 3, Wave 4

Self-Efficacy
Lower SES
Middle SES
Higher SES
Subjective Financial Knowledge By Gender

Wave 1 | Wave 2 | Wave 3 | Wave 4
--- | --- | --- | ---
Grand Mean | Men | Women
3.2 | 3.4 | 3.6 | 3.8
Planning Horizon By SES

Wave 1
Wave 2
Wave 3
Wave 4

Grand Mean
Lower SES
Middle SES
Higher SES
Objective Financial Knowledge By Gender

Wave 1 | Wave 2 | Wave 3 | Wave 4
--- | --- | --- | ---
Men | Women

图表显示了不同波次中男性和女性的客观财务知识水平。随着波次的增加，男性的知识水平总体上高于女性，且知识水平呈上升趋势。
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

- **PAID OFF**
  - ASIAN: 45%
  - WHITE: 72%
  - HISPANIC: 81%
  - OTHER: 82%
  - NATIVE AMERICAN: 77%
  - BLACK: 94%

- **OUTSTANDING**
  - ASIAN: 55%
  - WHITE: 28%
  - HISPANIC: 19%
  - OTHER: 18%
  - NATIVE AMERICAN: 13%
  - BLACK: 6%
Does Student Loan Debt Impact Financial Behavior?

- Reduces Proactive Behavior ($\beta = -0.165^{**}$)
- Increases Reactive Behavior ($\beta = 0.085^{**}$)
- Presence of debt, not debt amount, matters
How Happy Are They?

PEER RELATIONSHIPS
PSYCHOLOGICAL WELL-BEING
LIFE SATISFACTION
FINANCIAL WELL-BEING
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†
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