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EXECUTIVE SUMMARY

The APLUS study looked at financial success and well-being using data from more than 2,000 university students.

Our sample averaged $169 in credit card debt and $2,046 in education loans.

Nearly a fifth of students reported using some extreme strategy to meet financial demands.

Many college graduates will enter young adulthood poised for success. Some may stumble at first, and still others will fall. What sets them on different pathways?

To answer this question, we've started a landmark longitudinal research study to look at the connections between financial success and well-being in a diverse group of first-year college students: Arizona Pathways to Life Success for University Students (APLUS).

APLUS examines the factors that help shape students' financial attitudes and behaviors and, in turn, how those attitudes and behaviors affect their current and future success in life.

Using data from 2,000+ students, this report summarizes our findings to date regarding how students spend their time and money, financial literacy and practices, debt management and well-being.

Statistical Highlights

Some of the highlights of the study include:

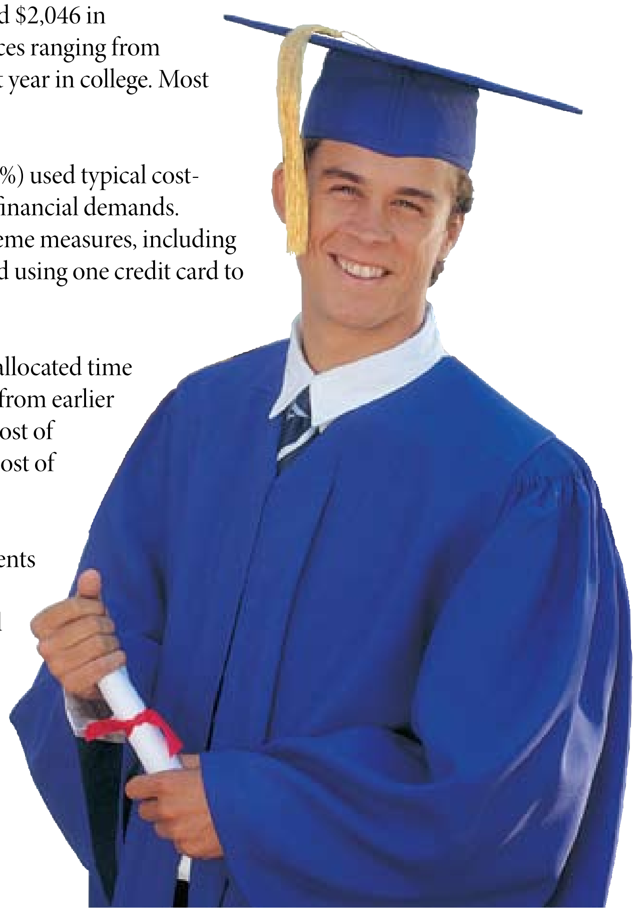
Credit card debt. Students averaged $169 in credit card debt. Hispanic students had the highest balances overall. Most students (58%) had at least one credit card. On average, students with more credit cards had higher credit card debt. Those with higher credit card balances also had higher balances in educational and other types of loans.

Educational loans. Our sample averaged $2,046 in outstanding education loans, with balances ranging from $1,000 to $75,000, at the end of their first year in college. Most students (73%) reported a zero balance.

Financial strategies. Most students (73%) used typical cost-cutting strategies to manage short-term financial demands. However, 18% reported using more extreme measures, including taking out high-interest payday loans and using one credit card to pay another.

Spending time & money. Our students allocated time and money in ways consistent with data from earlier studies of college students. They spent most of their money on housing and food and most of their time on schoolwork.

Weekly work hours. A third of our students worked an average of 15 hours per week, an amount that other studies have linked to more positive financial behaviors. However, 20% of our students worked an average of 20+ hours per week, which has been linked to more negative academic outcomes. The heavier-work group included more female, Hispanic and in-state-residency students.



Financial literacy. APLUS students averaged only 59% on a test of financial literacy, a "failing grade" that is, nonetheless, consistent with national surveys.

Moderate financial behaviors. Students' financial behaviors were moderate, on average. Since most college students have limited financial resources and experience, it's not surprising that our students scored highest in cash management behaviors and lowest in savings behaviors.

Risky financial behaviors. Most students (72.5%) reported at least one risky financial behavior within the preceding six months. More than 10% had engaged in multiple risky financial behaviors in the same period.

Financial behavior and well-being. Students reported moderately high levels of well-being on average in each of 7 dimensions. However, students who engaged in risky financial behaviors averaged lower levels of well-being in all dimensions compared to students who did not engage in risky financial behaviors.

Understanding Pathways

We've made understanding the pathways by which people develop financial behaviors a primary focus of the APLUS project—what contributes to students' acquiring positive or risky financial behaviors?

Key findings regarding those pathways include:

Pathways to positive behavior. Higher parental expectations and students' own positive attitudes towards responsible financial behaviors were linked to students engaging in fewer risky behaviors.

Influencing financial socialization. Parents, work experience and formal financial education in high school influenced students' financial knowledge. Direct teaching by parents had the most influence—more than work experience and high school financial education combined.

Partnering for better pathways. The pathway to positive financial behaviors begins with financial socialization before college and continues through financial learning at college. It shapes students' attitudes and predicts their financial behaviors. As such, our research illuminates the need for partnerships between parents, schools and the marketplace to help children and young adults develop positive financial attitudes and behaviors.

Parents influenced financial knowledge more than work and high school financial education combined.