National Endowment for Financial Education

Partnering for Financial Well-Being

Quick Takeaways

APLUS Wave 3: Transitioning to Adulthood in Rough Economic Terrain

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Primary Purpose: To understand how the transition to full-time responsibilities of adult social roles affects personal financial capability and well-being, and document the factors that facilitate and inhibit the transition.

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Key Findings

- Financial instability constrains self-sufficiency. More than half of the participants overall reported relying on financial support from family to meet current financial demands, including nearly half of those employed full time.
- Financial challenges may chip away at well-being. While full-time employees rated their financial well-being and life satisfaction higher compared to other participants, participants with debt reported lower well-being in every domain regardless of employment status. Also, while higher income minimized the impact of debt on psychological and physical well-being, both financial well-being and life satisfaction remained significantly lower for participants in debt.
- Responsible financial behaviors light pathways to life success. Patterns of financial behaviors practiced during the college years were drivers for three distinct pathways to young adulthood, which correlate to levels of life success:
    - High-functioning participants (12 percent) maintained consistently high levels of responsible financial behavior across all three waves.
    - Rebounding participants (61 percent) started college with moderately responsible financial behaviors that had declined by year four but rebounded by Wave 3 two years later.
    - Struggling participants (26 percent) started college with poor financial behaviors, which had further declined by year four; although their behaviors had improved two years on, they were still worse than during their first year of college and significantly lower than all other participants.
- Factors observed at Wave 1 helped determine why some participants went on to become either struggling or high functioning:
    - Better financial attitudes, higher parental expectations, and having financial education promoted a more successful transition to young adulthood.
    - A lack of financial education, lower perceived financial knowledge, less perceived financial control and lower parental role modeling made for a less successful transition.
- Other highlights from the study include the redefining of young adults' goals and expectations; the improving of financial capability with age; the rise of romantic partners as key influencers; and the waning (but still important) influence of parents.

For more information and to read the executive summary and final report, visit www.nefe.org.