Financial Education: Needs, Initiatives And Next Steps

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Agenda

- Your observations
- Student and young alumni perceptions
- Case study examples
- Measuring impact
- Implications and action planning
Your Observations
Your Thoughts

- What do you think today’s young adults are saying about their financial challenges?
- What are they most concerned about?
Between June and November 2012, 299 community members participated in the following:

- 25 research activities
- 47 community building activities
- 4,550 contributions

This group has subsequently continued activities and grown in size/scope.
Defining Financially Stable

• About half consider themselves “financially stable.”
  - Primary definition: Being able to pay your bills and cover your necessities.
  - Goals: Cutting back on spending; Finding a well-paying job.

“Currently I am financially stable. I am unfortunately **living paycheck to paycheck**, during the year that is a work study paycheck which does not help with my bills very much. But for right now I am doing alright, making some money during the summer to save for the future and for the rest of the year.”

“Fairly stable, though I have little money of my own and have to rely on loans and family support.”
“…not being afraid of checking the mailbox because you know that it's bill time again, not having to dig inside the couch and under your car seats for change, never seeing a cut-off notice, not having a panic attack when the kids need new everything, not having to break into the piggy bank when you just started putting something into it last week, not having more numbers of bill collectors on your caller ID than friends and family, and being able to say the word financially ‘stable’ without laughing.”
Finances are the biggest stressor for many
  - School and family rank as higher priorities

Debt and income are the biggest taboo subjects
  - Too personal!

Many would change past financial decisions
  - Especially saving more and staying away from credit cards.
“I would tell my former self to SAVE! SAVE! SAVE! I would say save as much as possible and spend as little as possible.”

“I would tell myself to be more responsible and keep track of every dollar earned and spent. I would also say SAVE!!! Save every time you can and it will add up.”

“If I were to write a letter to myself I think the only thing I could honestly say would be to Save. I have never been all that great at saving money, though I am getting better now. But having a savings that equals about 2 months worth of bills is a good thing to have, so I would definitely tell myself to work on savings, because it would come in handy many times.”
ASA’s Research Question

How does student debt affect the daily lives of young Americans?

### Survey Logistics

Open invitation survey of young professionals nationwide

1,000 surveys emailed and 259 responses

No incentive to participate

Survey open from May 14, 2013 – May 31, 2013
Survey Demographics

### Age Distribution

- 18 to 24: 14%
- 25 to 30: 54%
- 31 to 35: 22%
- 36 to 40: 9%
- 41+: 1%

### Annual Salary Distribution

- Under $25,000: 15%
- $25,000-$39,999: 21%
- $40,000-$49,999: 21%
- $50,000-$59,999: 18%
- $60,000-$69,999: 10%
- $70,000-$79,999: 4%
- $80,000-$89,999: 3%
- $90,000-$99,999: 3%
- $100,000+: 3%
- Prefer not to answer: 2%

### Highest Level of Education

- 2-year College Degree: 1%
- 4-year College Degree: 43%
- Master's Degree: 38%
- Some Advanced Graduate Work: 10%
- Doctoral Degree: 2%
- Professional Degree (JD, MD): 4%

“My college experience…

“was valuable to my personal fulfillment, but I wish I had a job in the field.”

“was valuable, however it is NOT worth the amount of debt I have.”

“was valuable but I could have probably gotten the same value going to a cheaper college.”

“was valuable to my personal fulfillment, but I wish I had a job in the field.”

“was transformative, but I’m not sure it was worth the expensive price tag.”

“was great and opened up opportunities for me. However, student loan debt has made my life challenging after, especially to pursue a career in the field I want to. I get by every month, but it is tough.”

“was valuable and left me better off, but the debt is seriously holding me back significantly.”
**Survey Results**

- **27%** found it difficult to **buy daily necessities**.

  For **75%** impacted their ability or decision to **purchase a home**.

  For **63%** impacted their ability or decision to **make larger purchases (i.e. car)**.

  For **47%** impacted their decision not to **start a business**.

  For **30%** had considerable impact, on the **choice of career field**.

  For **27%**, influenced the decision to **move back home**.

- **73%** have **put off saving for retirement** or other investments.

- **29%** have **put off marriage**.

- **43%** have delayed their **decision to start a family**.

Career Choices

My need to pay student loan debt is hampering my ability to further my career

- Strongly agree: 21%
- Somewhat agree: 16%
- Neither agree nor disagree: 18%
- Somewhat disagree: 14%
- Strongly disagree: 31%

Money knowledge for college—and beyond.
Who do you feel is responsible for your student loan debt?

- The student loan servicer(s): 18%
- The student loan lender(s): 23%
- The school I attended: 32%
- I am, I took on the debt in the first place: 91%

## Giving Back

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Should your alma mater help you manage your debt?</td>
<td>60%</td>
</tr>
<tr>
<td>Does your student debt impact your ability to donate to your alma mater?</td>
<td>77%</td>
</tr>
<tr>
<td>Does your student debt impact your willingness to donate to your alma mater?</td>
<td>72%</td>
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I only took out the amount I NEEDED, so I feel like I walked away with much less debt than many do, but it was a joyous day when I made that last payment!

Student debt weighs on every decision I make, from food shopping, to where I choose to live, how I spend my free time, to what clothes I wear, and ultimately, what career I choose.

It’s sad and disheartening that I have a negative reaction to my college experience due to the financial impact it has had on my post-graduate life.

I would not have taken more than the bare minimum if I knew what I know now.

This is the only debt I have ever had. I am very responsible with my finances in every other aspect of my life, but the fear of this debt is crushing.

Upon graduation you realize that you can’t really begin the life you imagined having after college.

Student loans will control how you are able to live your life.
Case Study Examples
Welcome to the Office for Financial Success

The Mizzou Office for Financial Success is a service of the Personal Financial Planning Department dedicated to improving the financial well-being of individuals and families by providing affordable, unbiased education and counseling in all areas of personal finance.
Financial Awareness

Welcome!

Paying for college can seem complex and daunting... we are here to help!

Financial Awareness Counseling provides tools and information to help you understand your financial aid and assist you in managing your finances.

We highly recommend that you review this excellent interactive program. You will need your FAFSA PIN (www.pin.ed.gov) to start.

Financial Awareness Counseling

Source: http://www.finaid.vt.edu/financial_literacy/
Source: http://www.k-state.edu/pfc/
Principles Of Effective Programs

- Teachable moments
- Active, experiential, and problem-based learning
- Evaluation

Financial Education in TRiO Programs, Institutional Policy Brief, The Pell Institute, September 2009
Most Important

- Start somewhere
  - Anything can help!
- Find campus champions to help
- Partner with community and national resources
Measuring Impact
Key Areas of Need

From secondary research, our own research community and our Benchmark study, we’ve identified the following key areas where students want more information and know-how:

1. Repayment Knowledge
2. Scholarship Information/Tactics for Minimizing Education Debt
3. Budgeting Knowledge and Skills
4. Credit Management – Understanding the Role of Interest and Credit Scores
The article categories of greatest interest are loans and scholarships.

Most popular content for SALT members:
- **Articles:**
  - 60+ Ways To Get Rid Of Your Student Loans
  - Where to Find Scholarships
  - Using Income-Based Repayment and Pay As You Earn
- **Tools:**
  - Scholarship Search
  - Repayment Navigator
  - Know What You Owe
71% (for whom it was applicable) have changed their repayment to better suit their current financial state or are actively considering a change.

63% have looked into their loan forgiveness or discharge options.

Q. After using this tool, please note whether you have already have or will plan to conduct the following activities?

* Please note that the responses noted above include private four year grads and current students.
Q. Perception prior to using the tool and after

**Pre**

- 42% agreed that the process was overwhelming
- 43% agreed they wouldn’t qualify for a scholarship and
- 44% agreed they didn’t know where to start

**Post**

- The number of people who agreed that the process was overwhelming was reduced to 19%
- That figure was cut to 19% after use
  - After use, only 16% still agreed that they did not know where to start applying
59% agreed they were more confident in savings/planning for future expenses

51% reported they had taken steps to decrease their expenditures and 43% took steps to increase their savings

73% reported they planned to continue to track their expenditures and income

Q. To what extent do you agree with the following statements. As a result of taking the Cash Flow lesson:
%'s represent a top two box of agree or strongly agree
62% agreed the lesson helped them better understand the options available to pay down my credit card debt quicker.

58% agreed it helped them understand how interest is calculated.

68% reported it gave them hope that they could get a handle on credit card debt.

Q. When thinking about what you learned from taking the Master Your Plastic lesson, please tell us if these statements apply to your or not:

% represent a top two box of agree or strongly agree.
Implications And Action Planning
Implications For Program Development & Success

- **Simplify and focus**
  - Start small and build from there
  - Leverage existing resources

- **Determine your measurement priorities**
  - Begin with the end in mind
  - Identify how to best demonstrate results
  - Outcomes can take time

- **Scalability and sustainability**
The Right Information at the Right Time

- **September**
  - Factors to consider when selecting a bank, setting up a budget for the year
- **October**
  - Building an emergency fund, understanding credit
- **November**
  - Tracking student loan borrowing
- **December**
  - Sticking to a budget during the holiday season, identity theft
- **January**
  - Applying for financial aid, revisiting the spring semester budget
- **February**
  - Spring break on a budget, smart borrowing tips
- **March**
  - Searching for summer internships
- **April**
  - Tax basics, searching for scholarships
- **May**
  - Summer savings, planning for repayment
American Student Assistance

📞 800.999.9080
✉️ education@asa.org
🌐 asa.org