

STUDY ON  
***Collegiate Financial Wellness***

2017 KEY FINDINGS REPORT



THE OHIO STATE  
UNIVERSITY

OFFICE OF STUDENT LIFE

COLLEGE OF EDUCATION  
AND HUMAN ECOLOGY

## EXECUTIVE SUMMARY

The Study on Collegiate Financial Wellness (SCFW) is a multi-institutional survey of college students examining the financial attitudes, practices and knowledge of students from colleges and universities across the United States. The SCFW was developed by The Ohio State University. During spring semester 2017, the survey was administered to 271,191 undergraduate students on 90 two- and four-year public and private college and university campuses; 28,539 students responded for a response rate of 10.5%. More information on the study is available at [go.osu.edu/scfw](http://go.osu.edu/scfw) or by contacting [scfw@osu.edu](mailto:scfw@osu.edu).

### Paying for School, Student Loans and Credit Cards

- 73% of respondents reported using scholarships or grants to pay for at least some portion of their educational expenses.
- Over half of respondents (53%) reported ever having had a student loan to pay for college.
- Among respondents who had taken out student loans, 73% reported they had federal loans, 5% had private loans, 19% had both federal and private loans and 4% did not know what type of loan they had.
- Among students who were offered loans, but did not take them, 44% said that they were uncomfortable taking out student loans and that this influenced their decision not to take out loans.
- 42% of respondents reported that they did not have a credit card, 33% had only one credit card and 8% had 4 or more credit cards. Among students with credit cards, 44% paid the full balance every month.

### Financial Behaviors and Stress

- The majority of students reported frequently engaging in positive financial behaviors, including monitoring their account balances (77%), planning ahead for major purchases (59%) and tracking their spending (58%).
- Very few students reported frequently engaging in negative or potentially risky financial behaviors, including overdrawing their bank account (3%), purchasing things they cannot afford (2%) or making late payments on bills or educational expenses (4%).
- 69% of respondents agreed or strongly agreed that they feel stressed about their personal finances in general.
- 43% of respondents agreed or strongly agreed that they worry about being able to pay their monthly expenses and 63% worry about having enough money to pay for school.

### Financial Knowledge and Education

- On average, respondents answered 3.3 out of 6 financial knowledge questions correctly; 6% answered zero questions correctly and 7% answered all 6 questions correctly.
- Since entering college, 17% of respondents had attended a one-time personal finance course or workshop and 10% had attended a reoccurring personal finance course or workshop.
- When asked about financial professionals or counselors that students have met, 43% of respondents reported that had met with a financial aid counselor, 28% had met with a financial services advisor and 14% had met with a peer financial counselor.

### Financial Self-Efficacy and the Future

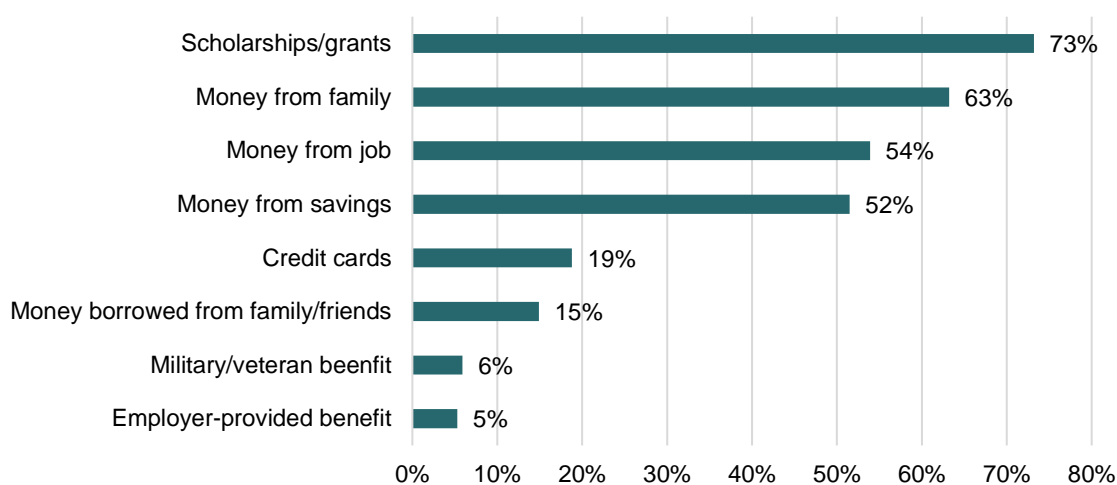
- 77% of students felt that the cost of college is a good investment in their financial future.
- 88% of respondents reported that they are able to make good financial decisions.
- 70% of respondents were confident in their ability to plan for their financial future.

## PAYING FOR COLLEGE

### How Students Pay for College

Students pay for school through a wide variety of sources, from student loans and parental income to scholarships, grants and money from their jobs and/or savings. When asked to indicate how much of their total college expenses were paid for by a variety of sources, several sources outside of student loans were frequently reported. Money from parent(s) or other family member(s) was an important source that students used to pay for college, with 63% of students reported that family helped out at least a little bit. However, 36.8% of students reported that their parent(s) or other family members did not pay for any of their college expenses.

Percentage of respondents using the following sources to pay for at least some of their college expenses\*



\*Does not include student loans. See below for specific information on loans.

Over 70% of students indicated that scholarships or grants paid for at least a little bit of their college expenses, with 29.2% of students reported that scholarships and grants paid for most or all of their college expenses. Over half (53.9%) of students reported that they paid for a portion of their college expenses with money from their current job. Additionally, over half (51.5%) also reported that they used their savings to pay for college expenses.

### Student Loans

Student loan debt continues to be an area of conversation and concern in higher education. Over the last two decades, national education debt has risen dramatically, from approximately \$200 billion outstanding student loan debt in 1996 to over \$1.3 trillion today (in 2015 dollars) (White House Council of Economic Advisors, 2016). The average loan balance of 2015 graduates of public or private nonprofit colleges who had student loan debt was \$30,100 (Cochrane & Cheng, 2016). Sixty-eight percent of 2015 graduates with a bachelor's degree from a public or private nonprofit college had student loan debt (Cochrane & Cheng, 2016). The growth in student loan debt is consistent with increasing costs of college attendance and larger numbers of individuals pursuing higher education.

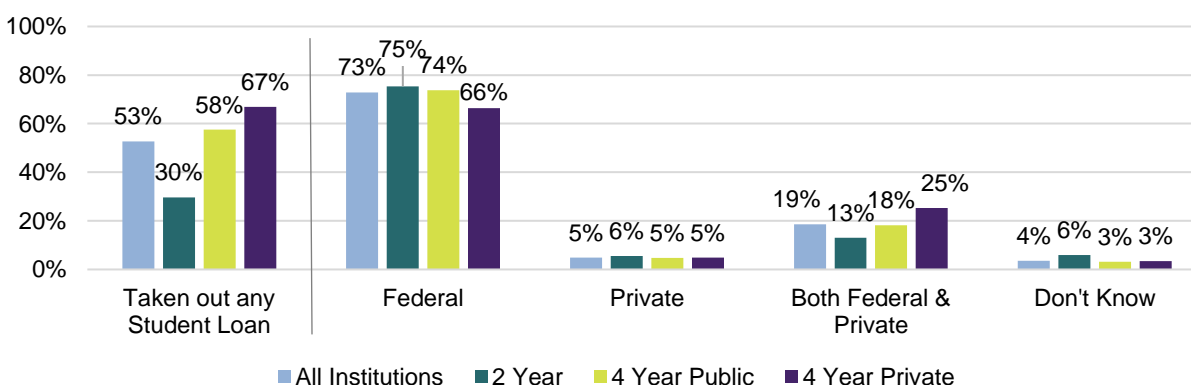
While many have framed student debt negatively, research has suggested that access to student loans benefits historically underrepresented groups in higher education, such as African Americans (Jackson & Reynolds, 2013) and increases the likelihood of graduating from college for students with low levels of student loan debt (\$10,000 or less) (Zhan, 2014; Dwyer, McCloud, & Hodson, 2012).

Understanding how students pay for school, the amount and type of debt that they accrue and if they take out loans when they are offered them are all important factors in understanding overall student financial wellness. Making sure that student loans are an option for students is also important, and filling out the Free Application for Federal Student Aid (FAFSA) is the best way to ensure federal student loan eligibility. Almost 86% of respondents indicated that they had completed a FAFSA while pursuing their current degree. Only 1.6% of students did not know if they had completed a FAFSA and 12.5% indicated that they had not completed a FAFSA while pursuing their current degree.

## 53% of students have taken out a student loan

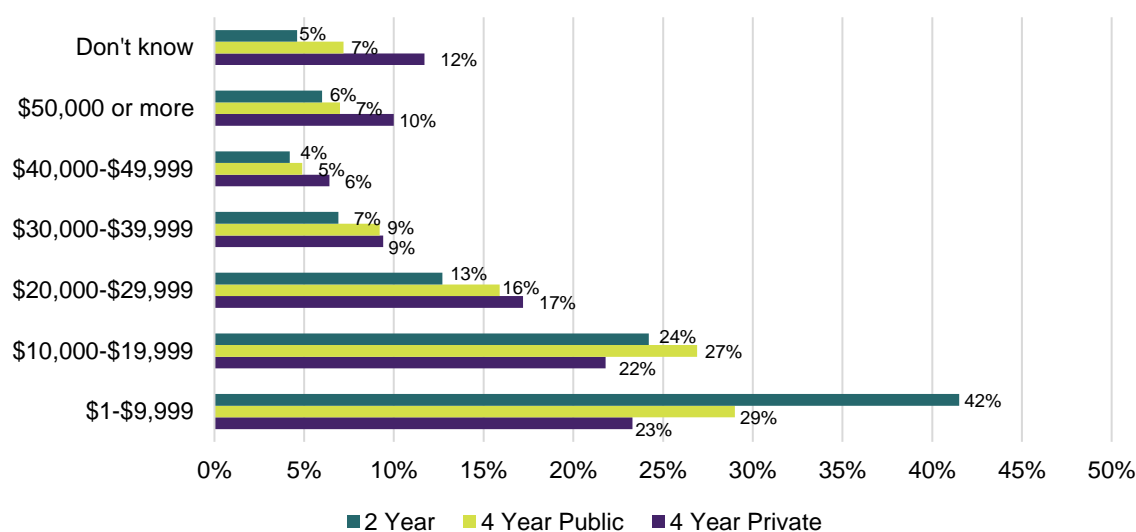
In the SCFW, 53% of students reported using loans to pay for school. Student loan taking varied by institution type; 57.6% of respondents at four-year public institutions reported having student loans compared to 66.9% at four-year private institutions and 29.7% at two-year public institutions. The types of student loans students reported taking also varied by institution type. Students at four-year private institutions were less likely than their counterparts at other institution types to take out only federal loans (66.4%) and were more likely to have a combination of federal and private loans (25.3%). Additionally, students at two-year schools were most likely to report that they did not know what kinds of student loans they had (6% compared to 3% at four-year public and private institutions).

### Student Loans by Type and Institution



Among students who reported that they have student loans, the amount they reported that they had borrowed up to this point in time is concentrated among students who have borrowed \$29,999 or less. This aligns with general trends in student loan debt. Almost one third of students (29%) reported currently having more than \$30,000 in student loan debt. Almost 8% of respondents with student loans reported that they do not know how much they have borrowed.

## Current Amount of Student Loan Debt (Self-Reported)



Student loan debt amounts varied by institution type. At two-year institutions, 78.4% of respondents with loans had \$29,999 or less in student loan debt at the time of the survey compared to 71.4% of respondents at four-year public and 62.3% of respondents at four-year private institutions. Respondents with loans at private institutions were most likely to report that they did not know how much they had currently borrowed (11.7%), compared to 4.6% of students at two-year institutions and 7.2% of students at four-year public institutions.

All respondents, whether they reported currently having loans or not, were asked how much student loan debt they *expected* to have when they complete their current degree. Almost one third (28.8%) of students reported that they expected to have no debt, 32.9% of students said they expected to have \$1 to \$29,999 in debt and 28.7% expected to have \$30,000 or more in debt.

### Debt Aversion

Research has begun to explore why students may avoid taking on student loans with some research suggesting that debt aversion may stem from students being unfamiliar with the federal student loan system, families discouraging students from taking on debt or a fear of not being able to complete college and pay back loans (Burdman, 2005; Goldrick-Rab & Kelchen, 2013). Respondents who said that they did not have any student loans were asked a follow up question to determine if they had ever been offered a student loan to determine the percentage of students who may be considered debt averse. Half of students (49.8%) responded that they had been offered a loan, 39.8% had not been offered a loan and 10.4% did not know if they had been offered a loan.

Among student who were offered student loans and did not take them:

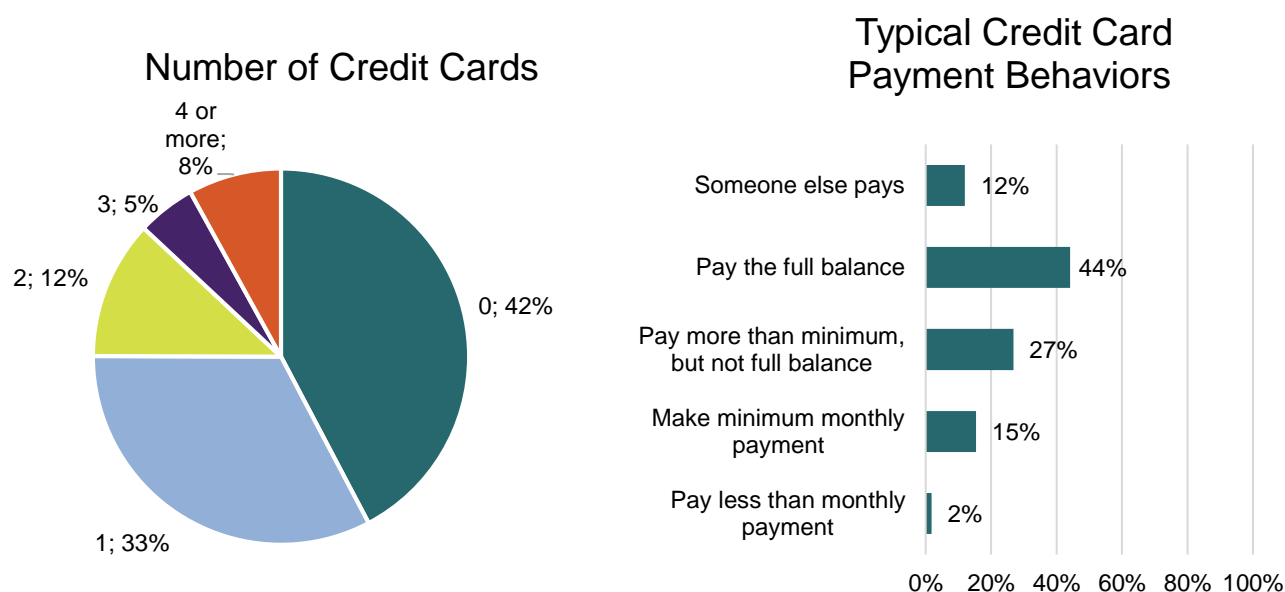
- **5 out of 10** reported that they did not need a loan
- **4 out of 10** were uncomfortable taking a loan
- **4 out of 10** reported that their parents/family encouraged them not to take loans

## The Use of Credit Cards

In the early 2000s, excess credit card debt and poor financial management were identified as critical financial issues for college students (Henry, Weber, & Yarbrough, 2001; Joo, Grable, & Bagwell, 2003). Credit cards can be both positive and negative for college students. Some research has found that credit card debt could increase young adults' sense of control over their life and self-esteem, as well as helping to cover costs in times of financial strain or emergencies (Dwyer, McCloud, & Hodson, 2011; Hodson, Dwyer, & Neilson, 2014). Yet, credit card debt among college students has also been associated with lower financial knowledge, higher numbers of credit cards, unrestrained attitudes toward credit card use and a poor ability to delay gratification (Norvilitis et al., 2006; Norvilitis, 2014).

When asked about the resources they used to pay for college, 18.8% of respondents indicated that they used credit cards to pay for a portion of their college expenses. When asked if they had a credit card, 42.2% of students indicated that they did not have a credit card and 57.8% responded that they had at least one credit card. Students at two-year schools were more likely to have at least one credit card (66.1%) than students at four-year institutions (55.7% at public institutions vs. 55.2% at private institutions). Among respondents who had at least one credit card, 12% said that someone else paid their bill, 44.1% paid the full balance when they got a credit card bill, 26.8% made more than the monthly minimum payment, 15.4% made the monthly minimum payment and 1.8% paid less than the monthly minimum payment.

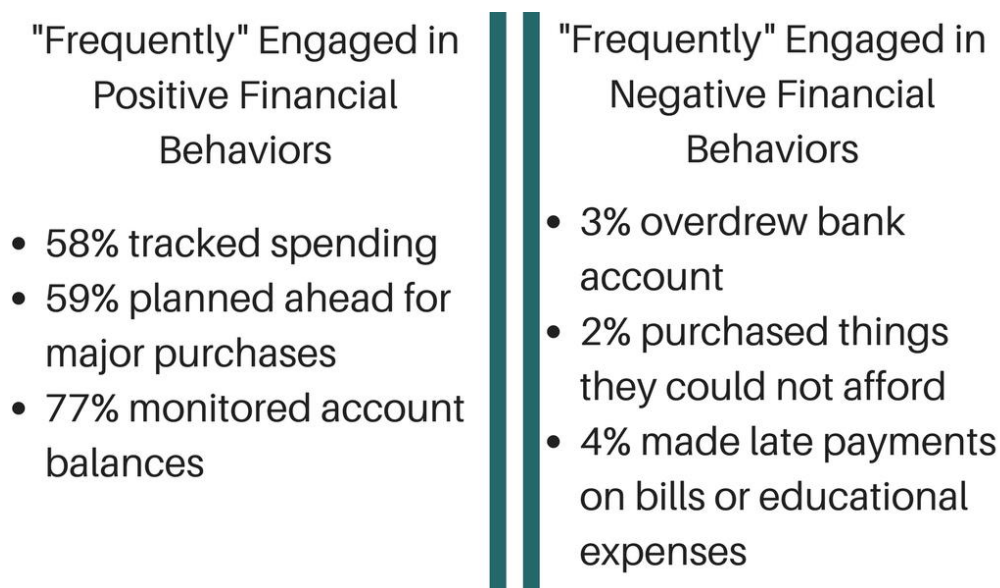
Among respondents with credit cards, 74.5% reported that the typical balance left on their credit cards after making monthly payments was \$999 or less. More than a third of students (36.9%) reported having a \$0 balance each month after making their monthly payment. Over half the sample (58.4%) indicated that they expected to have no credit card debt at the time they graduate. Just under half (48.8%) of students with credit cards reported that their credit card debt caused them no stress. When asked how much stress the credit card debt they were accruing caused them, 16.5% of students with at least one credit card reported that their credit card debt caused them a large or extreme amount of stress. Students at two-year institutions were significantly more likely to report that their credit card debt caused them a large or extreme amount of stress compared to students at four-year institutions (29.7% vs. 12.4%, respectively).



## FINANCIAL BEHAVIORS AND STRESS

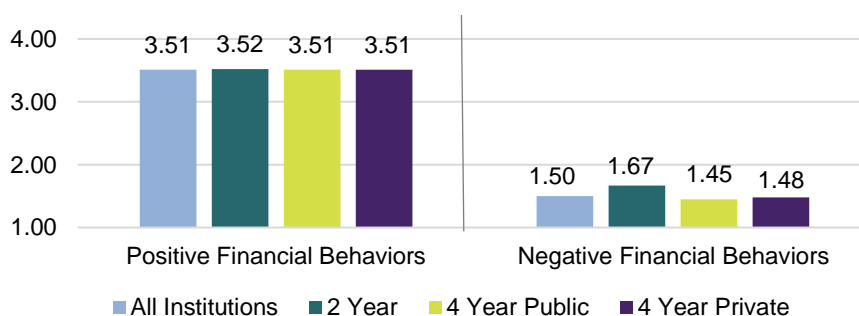
### Financial Behaviors

To assess financial management behaviors, students were asked a series of questions on both positive and negative (or risky) financial behaviors. Results suggested that the majority of students frequently engaged in positive financial behaviors. For example, 58% reported that they frequently tracked their spending, 59% frequently planned ahead for major purchases and 77% frequently monitored their account balances. In contrast, very few respondents reported that they frequently engaged in what might be considered negative financial behaviors: 3% overdrew their bank accounts, 2% purchased things they could not afford and 4% made late payments on bills or educational expenses.



Scores, ranging from one to four, were calculated for both positive financial behaviors and negative financial behaviors. Higher scores represent more positive or more negative financial behaviors on each respective measure. On average, respondents scored 3.51 out of 4.00 on engaging in positive financial behaviors and there were not differences in these scores across institution types. On average, respondents scored 1.50 out of 4.00 on engaging in negative financial behaviors; respondents at two-year institutions scored higher on average (1.67) than respondents at four-year public (1.45) and four-year private (1.48) institutions, suggesting that respondents at two-year institutions were more likely to report engaging in negative or risky financial behaviors.

### Financial Management Scores





## Financial Stress

Financial stress has been associated with a host of negative outcomes and behaviors for college students, such as lower academic performance, reduced course loads, withdrawal from school and increased time to graduation (Ross, Cleland, & Macleod, 2006; Joo, Durband, & Grable, 2008; Letkiewicz et al., 2014), as well as poor physical and mental health (Roberts et al., 2000). Students under increased financial stress tend to adopt more reactive or negative approaches toward financial management (Serido, Shim, Xiao, Tang, & Card, 2014) and have fewer positive financial planning behaviors along with lower optimism about their financial futures (Shaulskiy, Duckett, Kennedy-Phillips, & McDaniel, 2015). When asked about their personal finances generally, 68.7% of respondents agreed or strongly agreed that they felt stressed. Respondents at four-year public institutions were less likely to report feeling stressed (67%) compared to peers at two-year and four-year private institutions (72% and 73%, respectively).

### I feel stressed about my personal finances in general

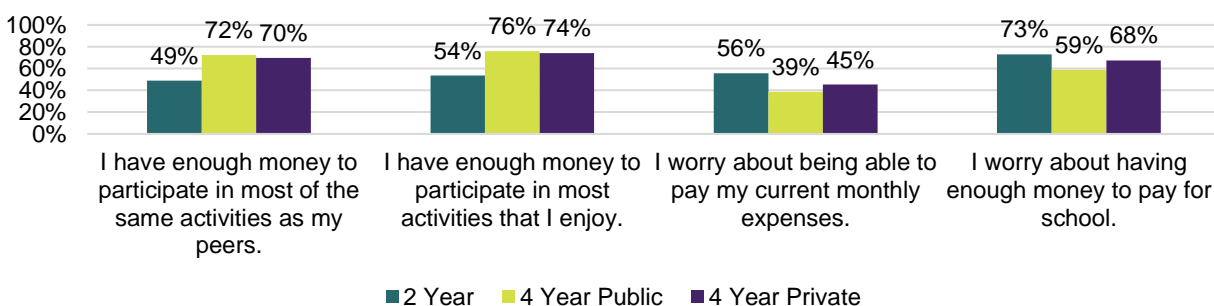
(% Agree/Strongly Agree)



Students were asked a series of questions about their financial stress or financial strain. When comparing themselves to peers, 67.1% of respondents agreed or strongly agreed that they had enough money to participate in most of the same activities as their peers, while 71% agreed or strongly agreed that they had enough money to participate in most of the activities they enjoy. Forty-three percent of respondents worried about being able to pay their monthly expenses. Respondents at two-year institutions were the most likely to report being worried about paying monthly expenses (56% compared to 39% at four-year public institutions and 45% at four-year private institutions). Similarly, while 62.8% of all respondents reported being worried about having enough money to pay for school, respondents at two-year institutions were the most likely to report being worried (73% compared to 59% at four-year public institutions and 68% at four-year private institutions).

### Indicators of Financial Stress

(% Agree/Strongly Agree)



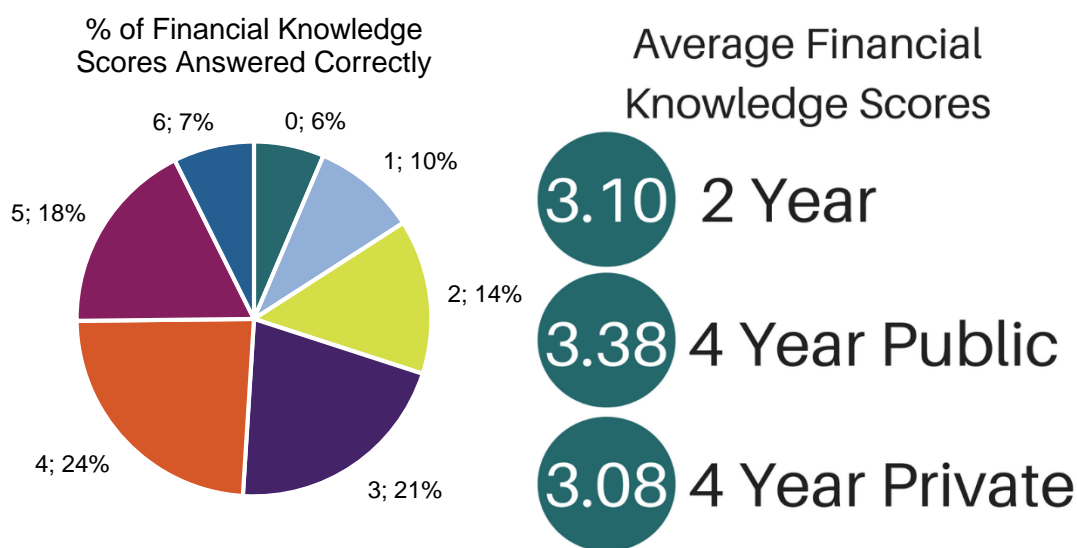


## FINANCIAL KNOWLEDGE AND EDUCATION

### Financial Knowledge Scores

Research on college students' financial knowledge has found that generally, students' financial knowledge is low (Chen & Volpe, 1998; Avar, Manton, English, & Walker, 2005; Norvilitis et al., 2006), even though financial knowledge is essential to being able to enact positive financial behaviors (Hung, Parker, & Yoong 2009).

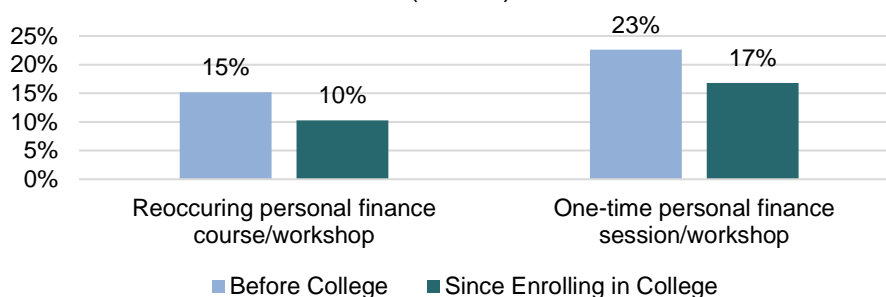
To assess financial knowledge, students were asked six questions about a range of financial topics, from compound interest and inflation to average investment returns and take-home pay (see Appendix A for the questions and response options). Student financial knowledge average scores include only students who answered all six questions. On average, respondents answered 3.30 out of 6 questions correctly. Respondents were most likely to answer correctly the questions on interest rates (72.7% correct) and loan repayment timeframes (71.3% correct). Students were least likely to answer correctly the question about which type of investment gives the highest rate of return on average (33.2% correct). Students at four-year public institutions had the highest average scores across the six questions (3.38), followed by students at two-year institutions (3.10) and four-year private institutions (3.08).



### Financial Education and Advising

Students were asked whether they had ever attended 1) a reoccurring personal finance course or workshop either before or since enrolling in college or 2) a one-time personal finance session or workshop either before or since enrolling in college. The majority of students had not participated in either type of financial education before or since enrolling in college; 23% of respondents had attended a one-time personal finance session or workshop before college and 17% had attended one since enrolling in college. Fifteen percent of respondents had attended a reoccurring personal finance course or workshop before college and 10% had attended one since enrolling in college.

## Ever Received Financial Education (% Yes)



Students were asked if they had ever met with different types of financial advisors or counselors, including a financial aid counselor, peer financial counselor or financial services advisor. The most frequently reported advisor or counselor that respondents reported meeting with was a financial aid counselor (43.1%). Respondents at four-year private institutions were the most likely to report meeting with a financial aid counselor (58.4%) compared to respondents at two-year institutions (47.3%) and four-year public institutions (39.4%).

% Ever Met with Following:	All	2 Year	4 Year Public	4 Year Private
	Institutions			
Financial Aid Counselor	43.1%	47.3%	39.4%	58.4%
Peer Financial Counselor	13.8%	17.8%	12.3%	15.2%
Financial Services Advisor	27.9%	26.5%	27.0%	36.1%

## FINANCIAL SELF-EFFICACY AND THE FUTURE

Prior research has suggested that students are extremely optimistic about their financial futures (Arum & Roksa, 2011) and assume they will have higher salaries than their peers and pay off their loans more quickly (Norvilitis et al., 2006). When respondents were asked about their financial futures, the majority (67%) agreed or strongly agreed that they were optimistic about the future. Sixty-seven percent agreed or strongly agreed that they would be able to support themselves financially after graduation. The majority of students (77.1%) agreed or strongly agreed that the cost of college was a good investment in their financial future.

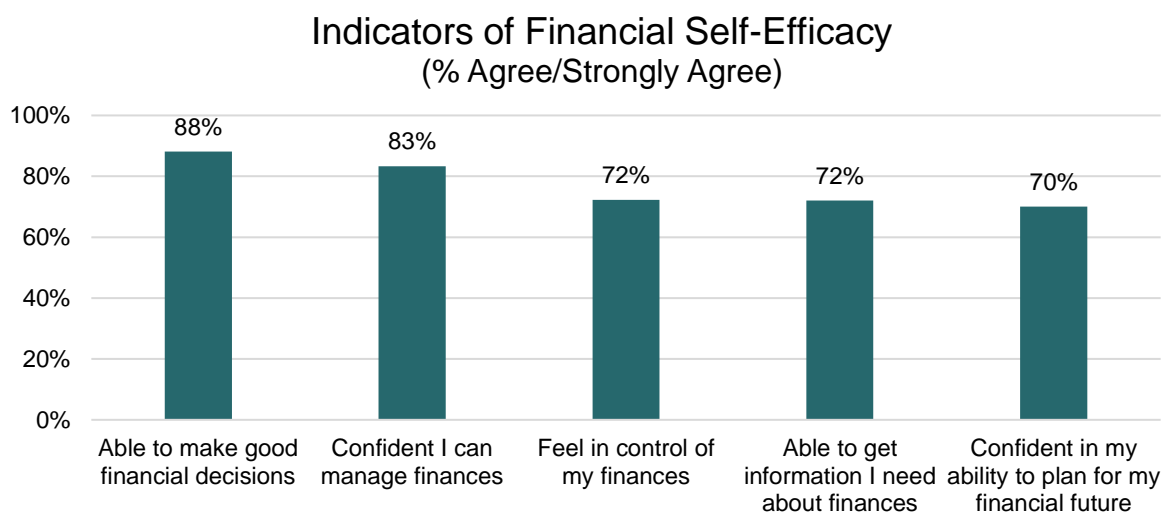
### The cost of college is a good investment in my financial future

(% Agree/Strongly Agree)



In addition to examining financial optimism and the future, the SCFW also asked a series of questions related to students' financial self-efficacy. Self-efficacy means that an individual is able to deal with a situation effectively (Bandura, 1977), and financial self-efficacy is related to high financial knowledge and positive financial behaviors for college students, including seeking help from financial professionals (Heckman & Grable, 2011; Lim, Heckman, Montalto, & Letkiewicz, 2014).

Overall, students reported high levels of financial self-efficacy according to five questions on the topic (summarized in the chart below). Almost 90% of respondents reported that they were able to make good financial decisions, 83% were confident that they could manage their finances and 70% were confident in their ability to plan for their financial future. Seventy-two percent of respondents agreed or strongly agreed that they felt in control of their finances and that they were able to get the information they need about finances.



Scores of financial self-efficacy were created based on these five questions in addition to a question on whether students could figure out a solution when faced with a financial challenge (38% agreed or strongly agreed). On average, respondents scored 2.91 out of 4.00 on the financial self-efficacy measure. Respondents at four-year public institutions scored higher on average (2.93) than their peers at two-year institutions (2.89) and four-year private institutions (2.83).

## CONCLUSION

The findings of the 2017 Study on Collegiate Financial Wellness provide a broad overview of student financial wellness, from how students pay for college and stress related to finances to financial management behaviors, self-efficacy and knowledge. The findings suggest that the majority of students frequently engage in positive financial management behaviors and have high financial self-efficacy, yet 7 out of 10 students reported feeling stressed about their finances in general. The majority of students also felt that the cost of college is worth the investment (77%). These findings can be used to better understand financial wellness among college students in order to better support student financial wellness and student success in college.

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- Dr. Barbara Wharton, Associate Provost for Institutional Research and Effectiveness, Ohio University

Finally, thank you to the institutions who participated in the study (refer to Appendix B for a listing of these institutions) and the students at each institution that participated.

## APPENDIX A: FINANCIAL KNOWLEDGE QUESTIONS

The following are the six financial knowledge questions asked on the survey. Correct answers are underlined.

Imagine that the interest rate on your savings account is 1% per year and inflation is 2% per year. After 1 year, would you be able to buy more than today, exactly the same as today, or less than today with the money in this account?

- More than today
- Exactly the same as today
- Less than today
- Don't know

Suppose you have \$100 in a savings account and the interest rate was 2% per year. After 5 years, how much would you have in the account if you left the money to grow?

- More than \$102
- Exactly \$102
- Less than \$102
- Don't know

Suppose you borrowed \$5,000 to help cover college expenses for the coming year. You can choose to repay this loan over 10 years, 20 years, or 30 years. Which of these repayment options will cost you the least amount of money over the length of the repayment period?

- 10-year repayment option
- 20-year repayment option
- 30-year repayment option
- Don't know

All paycheck stubs show your gross pay (the total amount you earned before any taxes were taken out for the pay period) and your net pay (the amount of your check after all taxes). The taxes that are commonly taken out include federal, state and local income tax, Social Security tax, and Medicare tax. On average, what percentage of your income would you expect to receive as take-home pay?

- 100%
- 90-99%
- 80-89%
- 70-79%
- Don't know

Over a long period of time, which of the following types of investments will give you the highest rate of return on average?

- Savings account
- Stocks
- Bonds
- Don't know

True/False: Maxing out your credit card will negatively impact your credit score, even if you make the minimum monthly payments.

- True
- False
- Don't know