

KEY FINDINGS

- Third-year students' average financial knowledge scores were between the average scores of students from lower and higher class ranks.
- **67.8%** of third-year students were stressed about their finances in general.
- **57.5%** of third-year students had at least one loan, compared to **49.8%** of first- and second-year students and **63.9%** of fourth- and fifth-year students.
- **73.8%** of all third-year students believed they will be able to pay off their student loan debt after graduation.

AN OVERVIEW OF THIRD-YEAR STUDENTS' FINANCIAL HABITS

This report uses data from the 2017 administration of the Study on Collegiate Financial Wellness (SCFW) to examine financial attitudes, practice, and knowledge of students from colleges and universities across the United States. The SCFW surveyed students at 65 public and private, two- and four-year U.S. colleges and universities; 28,539 students completed the survey. This report summarizes financial habits of third-year students.

Demographics of third-year students

For the purposes of this report, the sample was narrowed to full-time, traditional age (18-23 years old) students at four-year, public institutions (*n* = 13,627). Table 1 summarizes the distribution of students by self-reported year. Throughout this report, the terms year and class rank are used interchangeably to denote approximate credit accumulation towards graduation.

To better understand third-year students in relation to other students, class rank was recoded into three groups: students enrolled for less than three years (*n* = 6,879), third-year students (*n* = 3,409) and students enrolled for more than three years (*n* = 3,339). Any student who did not indicate their years enrolled (*n* = 336) was excluded from the sample for this analysis.

Table 1: Frequencies of Class Rank

Years Enrolled in Post-Secondary Education	Frequency	Percent
One	3,657	26.8%
Two	3,222	23.6%
Three	3,409	25.0%
Four	2,618	19.2%
Five or more	721	5.3%
Total	13,627	100.0%

FINDINGS

Financial Self-Efficacy and Knowledge

Financial self-efficacy is related to high financial knowledge and positive financial behaviors for college students, including seeking help from financial professionals (see Heckman & Grable, 2011; Lim, Heckman, Montalto, & Letkiewicz, 2014). The SCFW includes a series of items designed to assess student self-efficacy on financial beliefs and behaviors. The items are

assessed on a four-point Likert scale from “Strongly Disagree” to “Strongly Agree.” For the purposes of this analysis, these items were recoded to a binomial scale in which “Agree” or “Strongly Agree” responses were aggregated to indicate that a student agrees with a given statement.

Generally, financial self-efficacy scores were not significantly related to years enrolled. However, there is a significant inverse relationship between years enrolled and feeling in control of finances. First- and second-year students felt the most in control of their finances, whereas students in their fourth year or above felt the least in control of their finances. Table 2 demonstrates differences on various self-efficacy measures by years enrolled. Throughout this report, the percentage in each column refers to the percentage of students within each enrollment group agreeing with a statement.

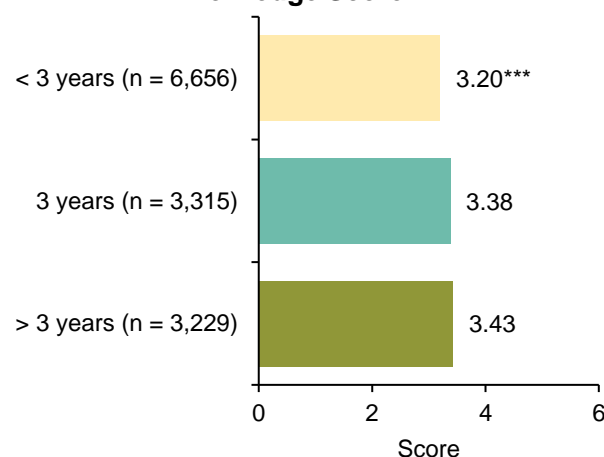
Table 2: Financial Self-Efficacy By Years Enrolled

	Enrolled < 3 years	Enrolled 3 years	Enrolled > 3 years	Statistical Significance
I feel in control of my finances.	74.7% (n = 6,870)	73.0% (n = 3,407)	70.1% (n = 3,333)	***
I am confident in my ability to plan for my financial future.	71.3% (n = 6,871)	70.1% (n = 3,408)	69.8% (n = 3,334)	
I am able to get the information I need about finances.	73.4% (n = 6,863)	72.4% (n = 3,401)	72.0% (n = 3,331)	
I can resist the urge to make impulse purchases.	84.3% (n = 6,873)	85.0% (n = 3,408)	84.9% (n = 3,334)	

% Agree and Strongly Agree; * $p < .05$ ** $p < .01$ *** $p < 0.001$

The SCFW also includes six questions that assess students’ financial knowledge on topics such as loan repayment, investments and credit card debt. By summing the total number of items that students answered correctly, it is possible to calculate a financial knowledge score. To examine whether third-year students have different levels of financial knowledge, a one-way ANOVA was run on the sample. The one-way ANOVA found that students enrolled for three years and students enrolled for four or more years had significantly higher financial knowledge scores than students enrolled for two years or less. However, there was no significant difference between students enrolled for three years and students enrolled for four or more years (see Figure 1).

Figure 1: Average Financial Knowledge Score



Financial Strain

The SCFW asks students to report on indicators of their financial strain using a four-point Likert scale from “Strongly Disagree” to “Strongly Agree.” For this analysis, the scale was recoded to a binomial scale in which “Agree” or “Strongly Agree” were aggregated to indicate that a student reports stress for a given variable.

Years enrolled had a significant relationship with every financial strain indicator. The percentage of third-year students identifying that they feel stressed about personal finances in general and worrying about paying monthly expenses was in between the number of lower and higher class rank students who endorsed the same stressors. However, third-year students were the least likely to agree that they are worried about having enough money to pay for school. They were also the most likely to claim they had enough money to participate in the same activities as peers and participate in activities that they enjoy. See Table 3 for additional information.

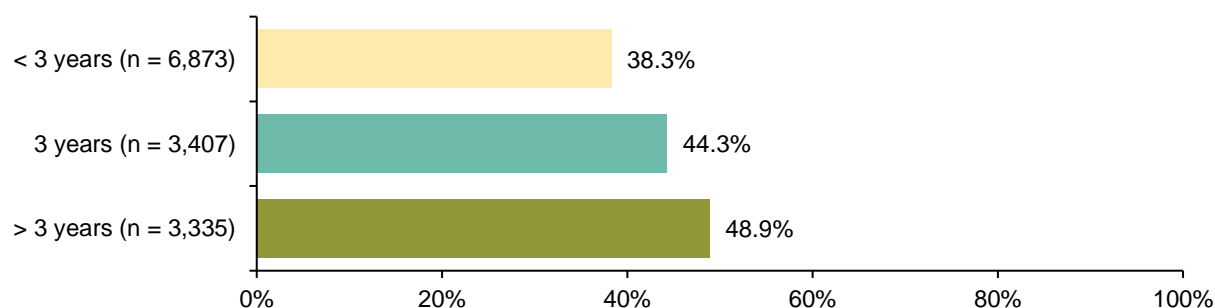
Table 3: Financial Strain

	Enrolled < 3 years	Enrolled 3 years	Enrolled > 3 years	Statistical Significance
I have enough money to participate in most of the same activities as my peers.	74.7% (n = 6,873)	74.8% (n = 3,407)	71.0% (n = 3,336)	***
I have enough money to participate in most activities that I enjoy.	78.7% (n = 6,868)	79.2% (n = 3,406)	74.4% (n = 3,334)	***
I feel stressed about my personal finances in general.	65.4% (n = 6,869)	67.7% (n = 3,405)	71.4% (n = 3,333)	***
I worry about being able to pay my current monthly expenses.	35.4% (n = 6,863)	37.9% (n = 3,407)	42.6% (n = 3,334)	***
I worry about having enough money to pay for school.	61.8% (n = 6,870)	55.3% (n = 3,406)	57.7% (n = 3,334)	***

% Agree and Strongly Agree; * $p < .05$ ** $p < .01$ *** $p < 0.001$

The SCFW also asks students whether financial concerns have caused them to engage in negative academic behaviors (i.e., neglecting academic work, reducing class load, consider taking a break from college or dropping out of college). The responses to these items were aggregated into a binary variable to indicate whether a student had ever engaged in a negative academic behavior as a result of financial stress. The percentage of third-year students who sometimes or often reported engaging in these behaviors was again between the percentages of less advanced and more advanced students. See Figure 2 for more information.

Figure 2: Students with Financial Concerns Affecting Academics***



Loans and Credit Cards

The SCFW assesses students' self-reported behavior and attitudes towards credit cards and loans. The likelihood that a student has ever taken out a loan or had a credit card significantly increases by years enrolled. The percentages of third-year students having loans or credit cards are again between the percentages of lower and higher class rank students on the same variables.

Changes in loan and credit card use may be a reflection of broader changes in degree

funding. While educational funding sources do significantly change while a student is enrolled, the changes displayed by third-year students from first- and second-year students are smaller than those between fourth-year and above students and first and second-year students. Generally, students rely more on loans and money from their current jobs and rely less on money from family and scholarships as their years enrolled increases. Table 4 displays some of the most common funding sources and changes depending on years enrolled.

Figure 3a: Students with Loans***

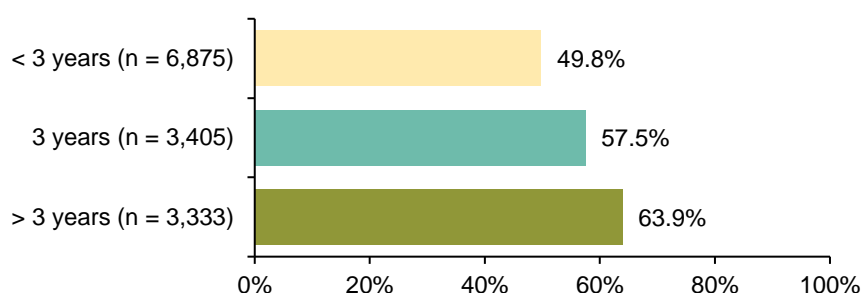


Figure 3b: Students with Credit Cards***

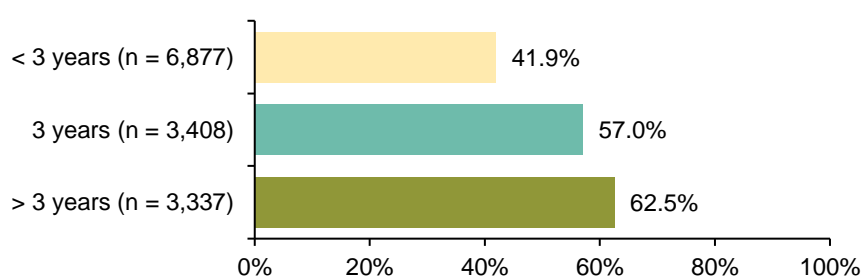


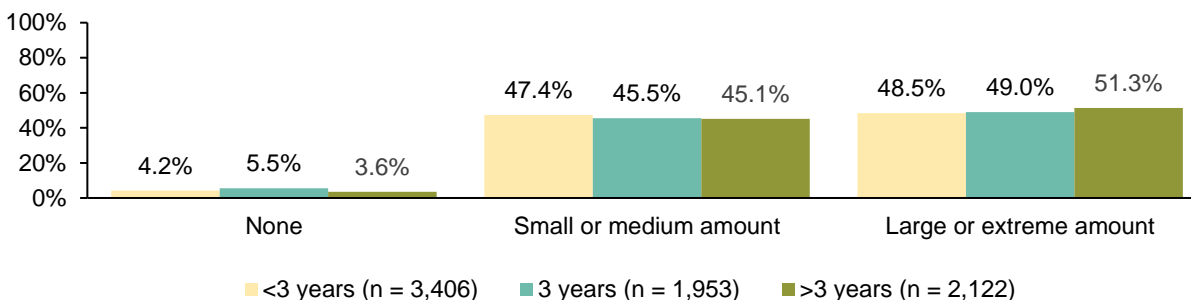
Table 4: Sources to Pay for School

	Enrolled < 3 years	Enrolled 3 years	Enrolled > 3 years	Statistical Significance
Federal Student Loans	40.1% (n = 6,858)	45.9% (n = 3,395)	53.5% (n = 3,332)	***
Private Student Loans	15.9% (n = 6,745)	17.0% (n = 3,349)	19.5% (n = 3,279)	***
Money from parents or other family members	56.9% (n = 6,833)	53.6% (n = 3,383)	51.2% (n = 3,316)	***
Scholarships or grants	60.3% (n = 6,853)	56.1% (n = 3,395)	54.6% (n = 3,326)	***
Money from my current job	22.6% (n = 6,826)	31.1% (n = 3,385)	33.0% (n = 3,323)	***
Credit cards	4.5% (n = 6,799)	6.1% (n = 3,370)	7.8% (n = 3,312)	***

% Some, Most, or All; * $p < .05$ ** $p < .01$ *** $p < 0.001$

Class rank also had a significant, positive relationship with stress caused by student loan debt (see Figure 4), with students enrolled for more than three years most likely to experience large or extreme amounts of stress as a result of student loan debt.

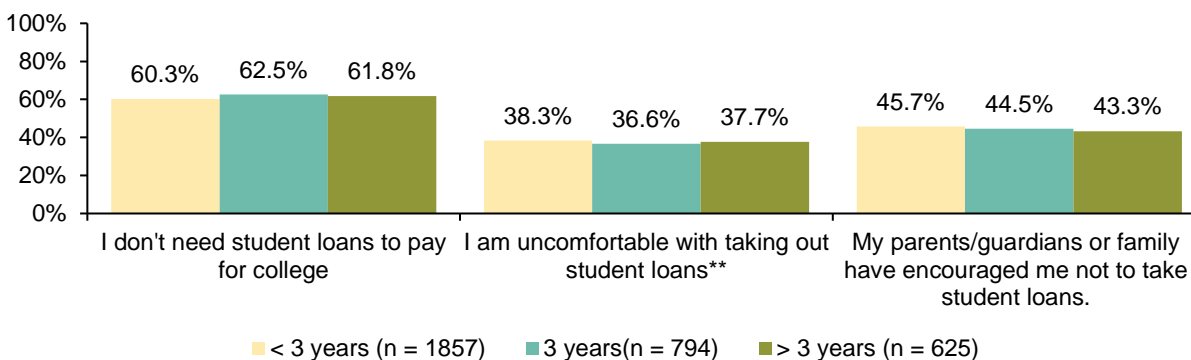
Figure 4: Stress Caused by Student Loan Debt*



Despite the high amount of stress associated with student loan debt, 73.8% of all third-year students believed that they would be able to pay off their student loan debt after graduation. This was a small, non-significant decrease from the percentage of first- and second-year students (75.2%) who endorsed this statement, but not as great of a decrease as fourth- and fifth-year students (72.5%) for the same variable.

Among third-year students who were offered a loan but chose not to take it, not needing the loan was the most commonly cited reason for not accepting the loan. There was no significant relationship between years enrolled and reasons cited for not taking the loan (see Figure 5).

Figure 5: Reasons Not to Take Offered Loan



SUMMARY

On any given measure of financial attitudes, knowledge or behavior, third-year students were generally between the cohort of first- and second-year students and the cohort of fourth- and fifth-year students. Rather than standing out as a salient group, third-year students were part of general patterns of variation based on years enrolled. The percentage of students taking out loans, using credit cards, experiencing financial stress, and financial knowledge scores all increased with higher class ranks, and the data indicate that third-year students consistently fall between lower and higher class ranks as expected.

Third-year students did not follow broader trends set by class rank on a few variables. Third-year students were the least likely to report they worry about paying for school and were the

least likely to forgo activities due to financial stress. These differences could be indicative of different financial resources of third-year students.

MORE INFORMATION

The Study on Collegiate Financial Wellness (SCFW) is a multi-institutional survey of college students examining students' financial attitudes, practices and knowledge. The 2017 SCFW was administered to 271,191 students at 65 different U.S. institutions, comprising 90 individual campuses; 28,539 students responded for a response rate of 10.5%. Most respondents were enrolled at four-year public institutions (68%); 10% were enrolled at four-year private institutions and 22% were enrolled at two-year public institutions

If your institution is interested in participating in the next administration of the SCFW, please contact us at scfw@osu.edu.

Suggested Citation

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