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Financial Wellness & Student Success

Focusing on First Years

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Topics

Trends & the Reality

Coaching = Our Solution

First Year Problems

What can you do?



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Trends in the Collegiate Financial Landscape



34%
of college students

Finances “traumatic”
or “very difficult to
handle.”



Trends in student finances

72%

Stressed about
finances in general

18%

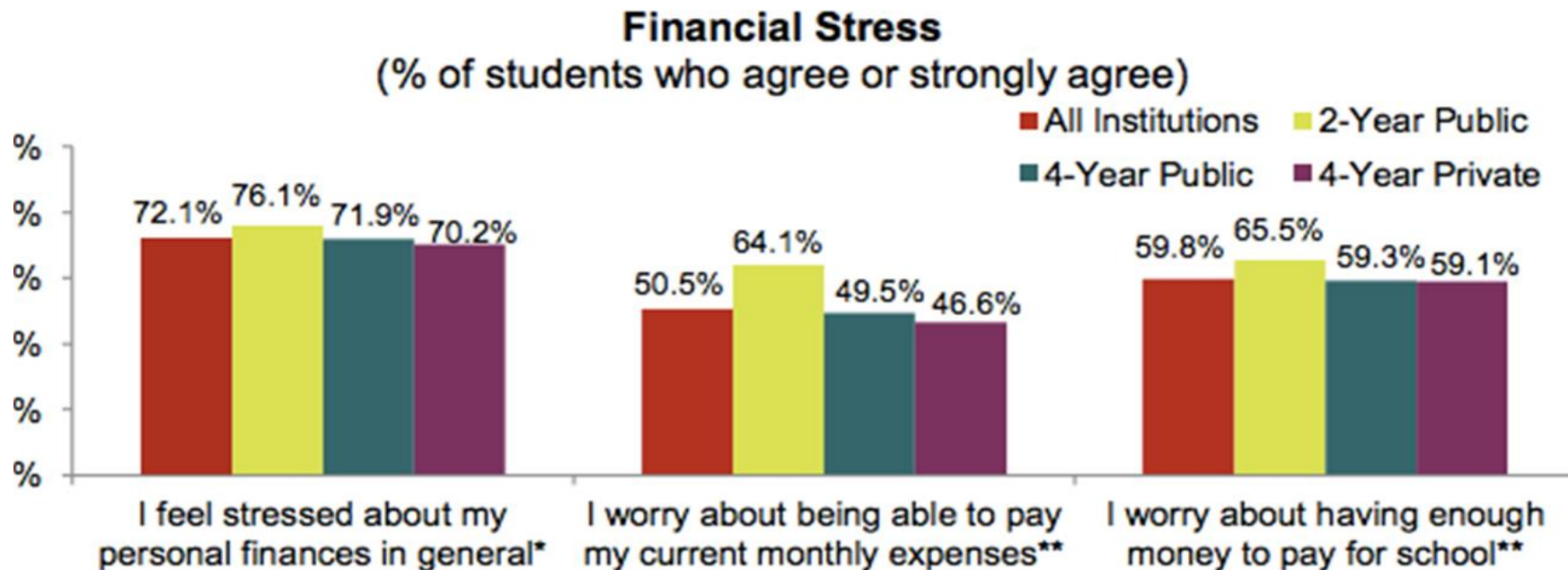
Not confident they'll be
able to pay off any debt
accumulated as a student

51%

Worry about paying
monthly bills

37%

The amount of money I
owe causes me a large or
extreme amount of stress





Academic Impact of Financial Strain on Students

Research shows that financial stress leads to poor academic performance:

- Over 25% said they did not purchase required academic materials because they didn't want to take out extra loans
- 80% of students who self-reported being "financially stressed" say concerns frequently impacted academic performance and/or investigated dropping out.
- As levels of student concern about education finances increased, cumulative GPA decreased
- When working 20+ hours per week, cumulative GPA decreased



Retention and Academic Disruption

In a survey's of college students who did not persist... financial pressure was the most commonly cited (38%) reason for leaving school. Hoffman, McKenzie, and Paris (2008) and Chang (2007)

Academic Disruption

	2-Year Public		4-Year Private		4-Year Public	
	Sometimes	Frequently	Sometimes	Frequently	Sometimes	Frequently
The amount of money I owe has caused me to reduce my class load	27.5%	13.5%	14.4%	4.5%	20.2%	9.1%
The amount of money I owe has caused me to consider taking a break from college	26.7%	19.8%	23.5%	13.2%	25.5%	15.5%
The amount of money I owe has caused me to neglect my academic studies	25.1%	8.6%	21.4%	5.5%	25.8%	7.8%



Financial Literacy Exam!

- (1) 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?

Answer: Less than Today - (Percent Correct = 58%)



(2) 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, or Less than \$102?**

Answer: More than \$102 – (Percent Correct = 78%)



(3) 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?

Answer: 10 years – (Percent Correct = 78%)



(4) All paycheck stubs show your gross pay (the total 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 at take-home pay? **100%, 90-99%, 90-89%, or 70-79%?**

Answer: 70-79% – (Percent Correct = 43%)



(5) Which of the following make up the TWO largest components of your credit score? **Amounts Owed, New Credit, Types of Credit Used, Length of Credit History, or Payment History?**

Answer: Amounts Owed & Payment History
(Percent Correct = 37%)



How did you do??

Student on Average scored a 58% on this test, or roughly 3/5. The modal scores were 3-4 as well.



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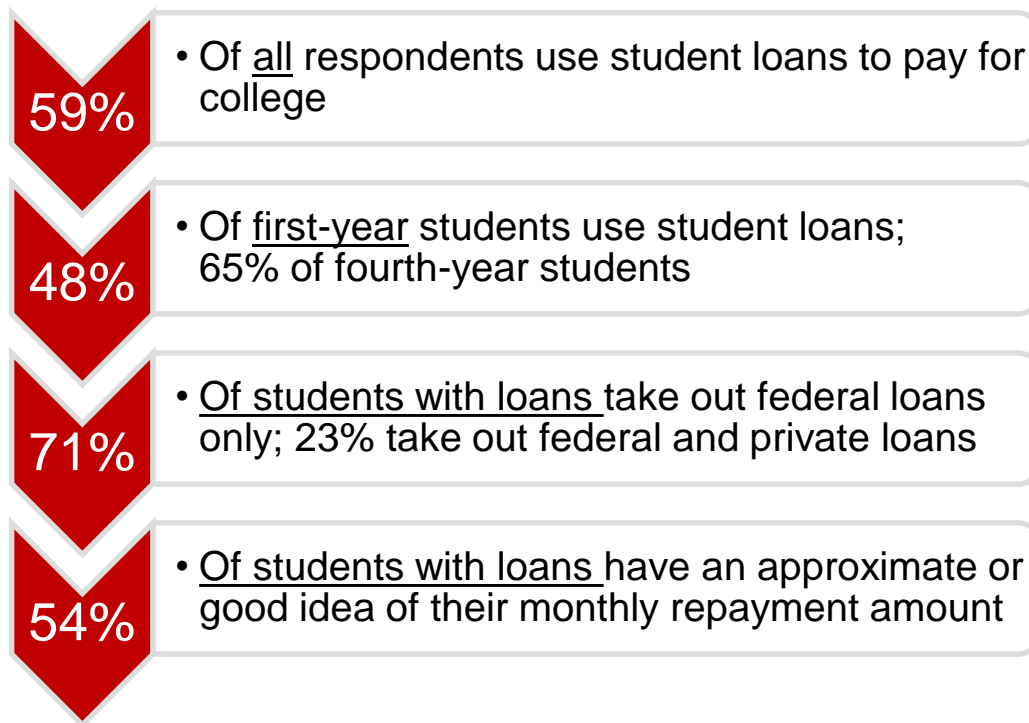
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Student Loans



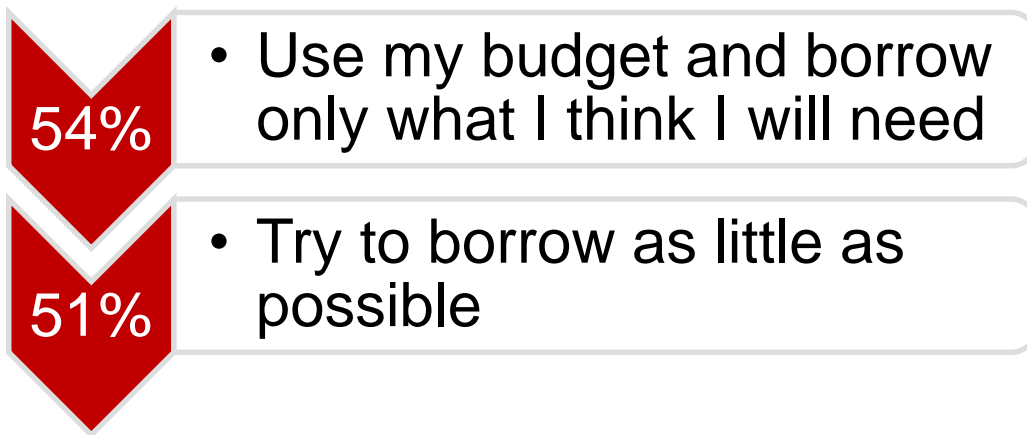
Student Loans





Among students with student loans

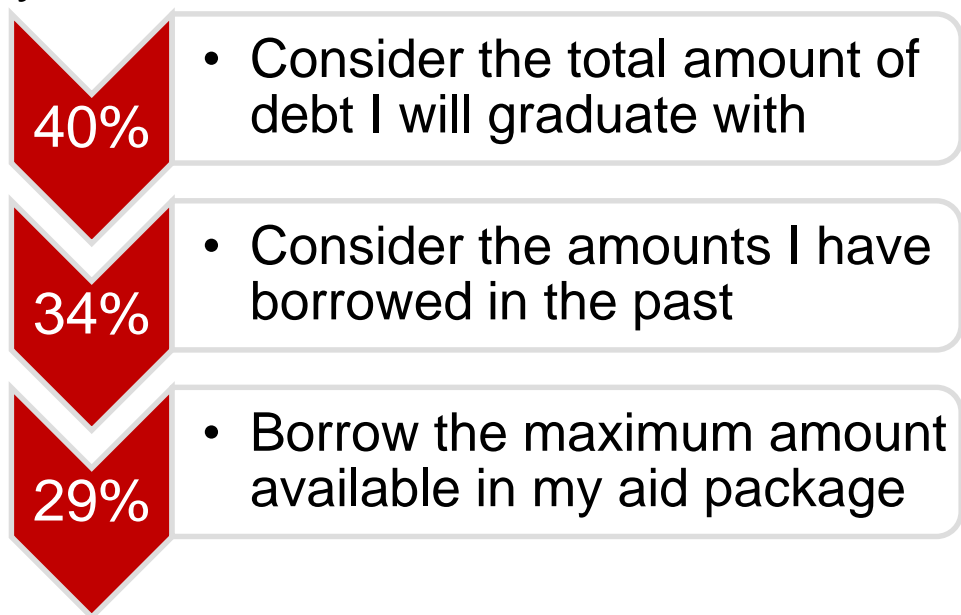
How do you determine how much money to borrow each year? (Select all that apply)





Among students with student loans

How do you determine how much money to borrow each year? (Select all that apply)



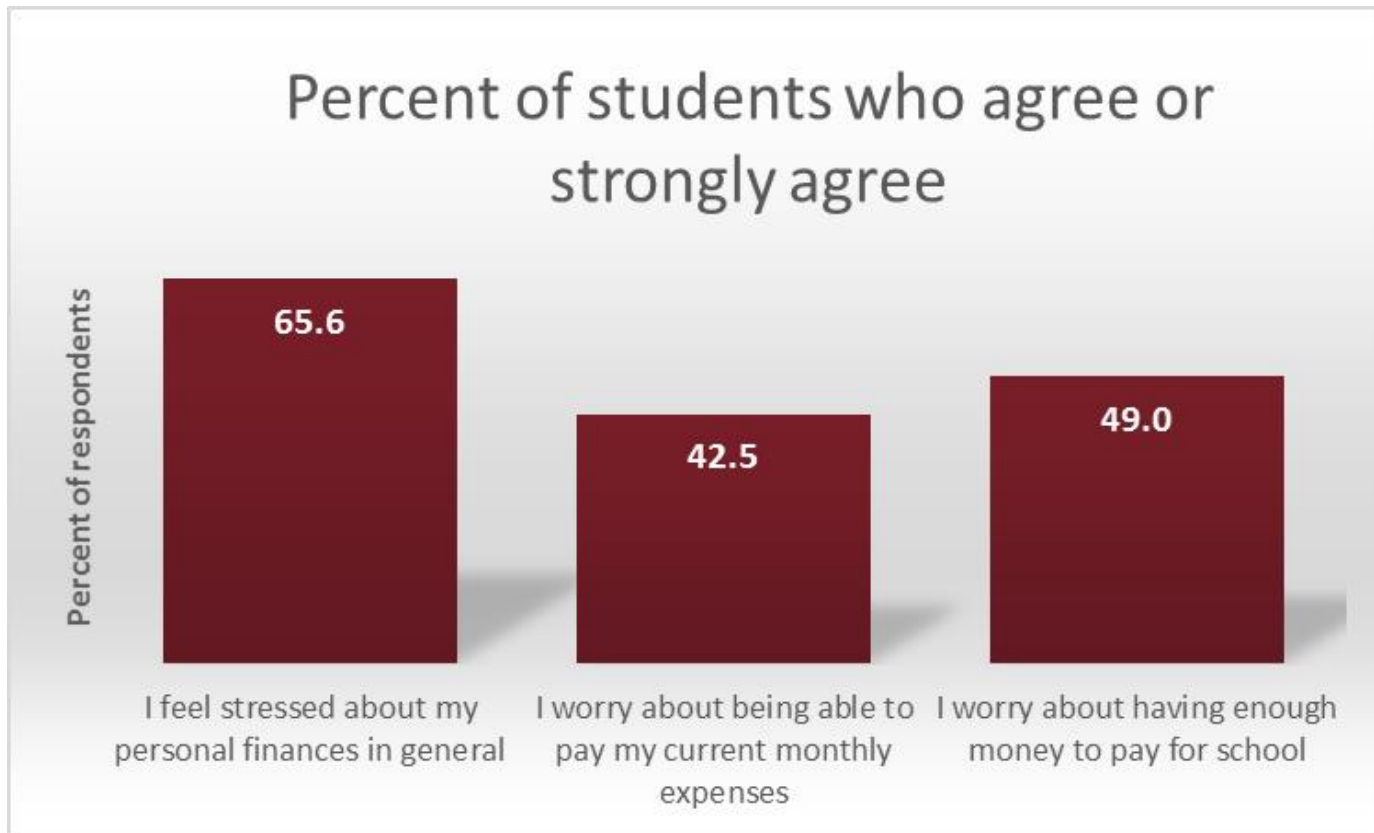


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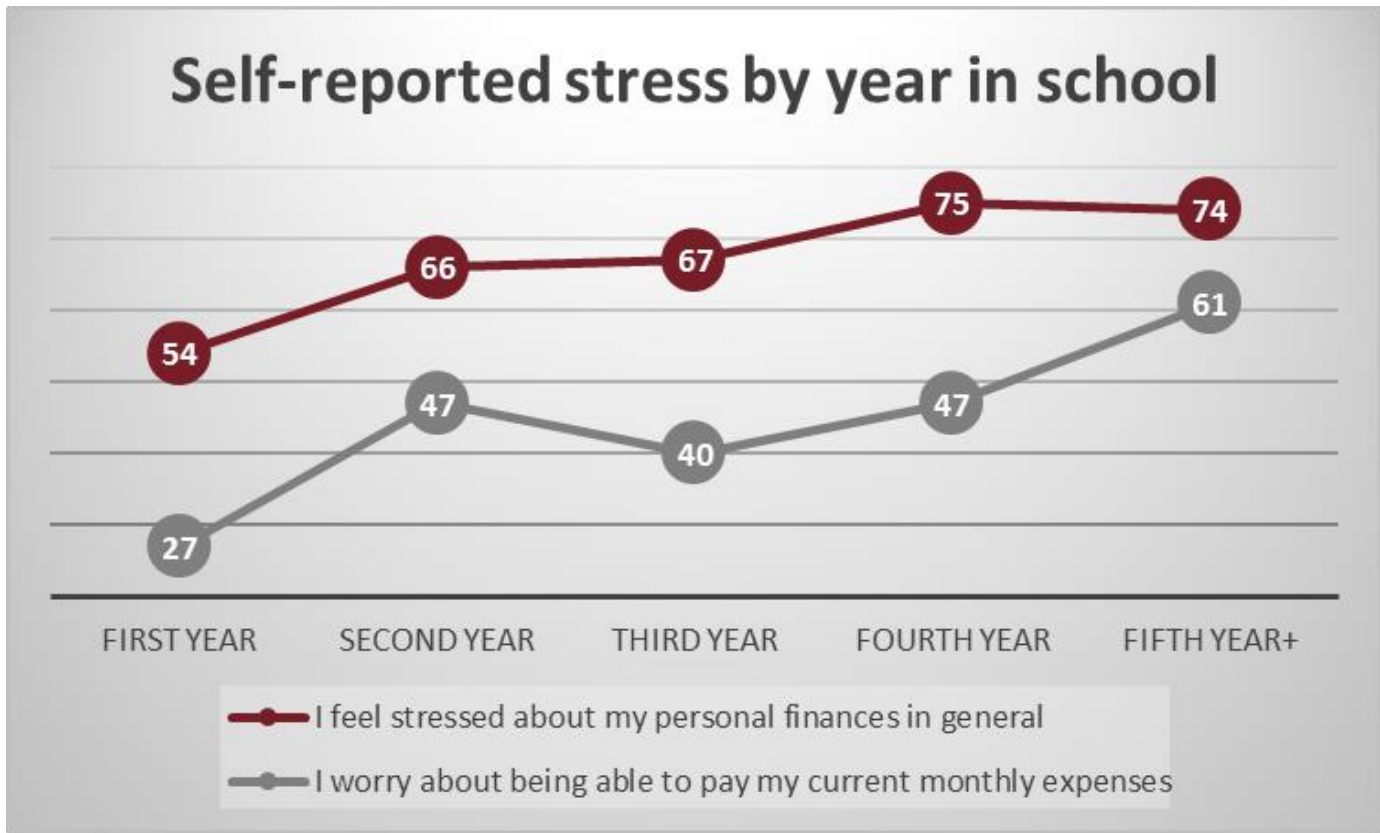
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Social Pressures



Source: National Student Financial Wellness Study, 2014; Ohio State sample



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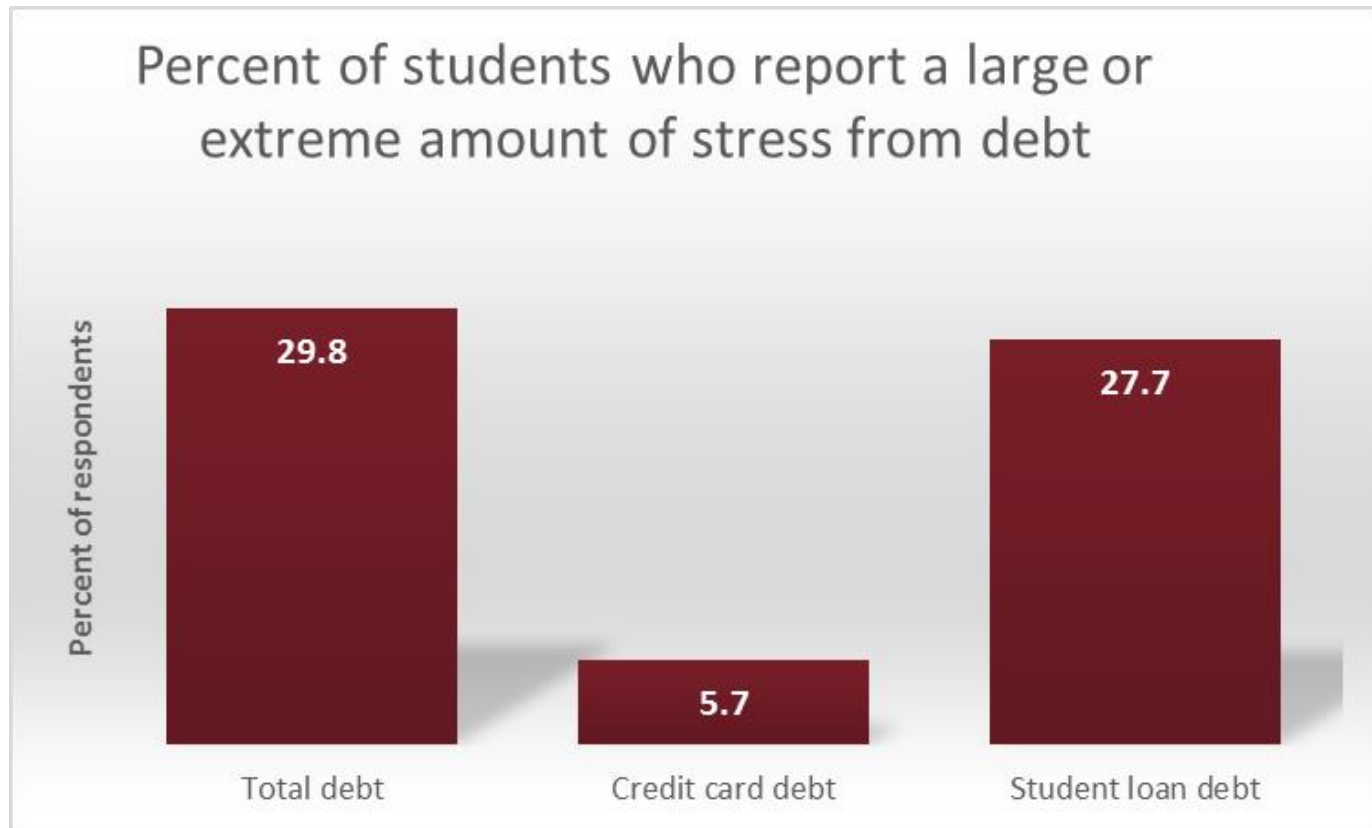


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Making Money Last



Source: National Student Financial Wellness Study, 2014; Ohio State sample



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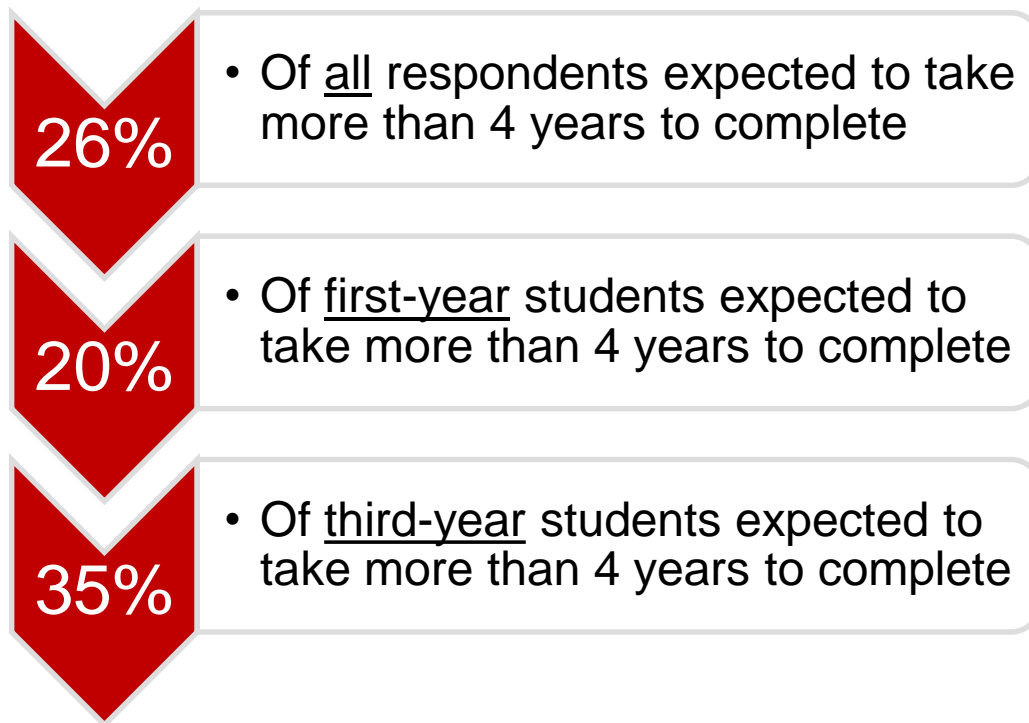
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Major Selection & Career Path





Expected Time to Complete Degree





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Coaching = Our Solution

(Handouts)



Why Coaching?

Financial Coaching is a goal-driven process in which individuals work to reach personalized goals related to improving their financial well-being

“Conversation that leads to a different way of thinking”





Cases We See
Proactive – STEP
Timely – TOPP
Crisis – ULTL



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Goals

Reality

Option

Way Forward

Scarlet and Gray Financial

FINANCIAL

COACH



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Student Coach Training: LDP



"I know without a doubt that the LDP has prepared me for coaching. I came in with very little financial knowledge and was unsure of how to use soft skills effectively in a client situation. Now I feel confident that even if there is a situation that I'm unsure of, I have enough resources to turn to that I can fix that!" **–LDP Participant**



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First Year Problems



Student financial stress is **high**
Student financial literacy is **low**
Financial decisions in the first year are often **new**



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10 Financial Events

(in no particular order)



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1. Student Loans



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2. Making Money Last



3. On Campus Involvement



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4. Comparison to Peers



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5. Major Selection & Career Path





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6. First Part Time Job



7. Credit Cards



8. First Financial Emergency



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9. Social Pressures



10. First Time Filing Taxes



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**What can you do to
help?**



(1) Listen and Care

(2) Educate, Don't Advise

**(3) Direct to Resources, Campus
Partners, and Scarlet & Gray Financial**



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The art of **referral** (Directing to Resources)



Final Activity – Discuss with your partner what you would do if you find...

- A student doesn't have enough money to pay for tuition.
- A student is complaining about never having enough money to pay for activities with their friends.
- A student can't afford to pay their rent.
- A student is worried about how many loans they have, and whether or not they will be able to pay them back.
- A student mentions how much credit card debt they have.

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