

Do College Students' Financial Behaviors Portend Progress Toward Adult Self-Sufficiency?

Joyce Serido, University of Arizona¹
Sun Young Ahn, University of Arizona²
Chuanyi Tang, Old Dominion University³
Soyeon Shim, University of Wisconsin-Madison⁴
Natalie Minas, University of Arizona⁵

Abstract

The decade from age 20 to 30 is relatively unstable in terms of education and work (Arnett, 2004). Today's uncertain labor market may exacerbate that instability and delay the transition to full-time adult roles and responsibilities for many young adults. The progress young adults make during the school to work transition sets them on a path they are likely to walk for the rest of their adult lives (Eccles, Templeton, Barber, & Stone, 2003). Because financial knowledge, skills, and behaviors are needed to successfully manage adult roles and responsibilities, we conceptualized the transition to adulthood as a developmental pathway toward a goal of self-sufficiency. The purpose of this study is to examine the association between patterns of young adults' financial behaviors during college to markers of adult self-sufficiency after college. To address the research goal, the present study relies on a unique longitudinal panel study of financial attitudes, behaviors, and well-being collected from a cohort of college students ($N = 977$) at three points in time: first year in college, fourth year of college, and two years after college. We used latent growth-curve modeling (Bollen & Curran, 2006; Duncan, Duncan, & Strycker, 2006; Preacher, Wichman, Briggs, & MacCallum, 2008), using Latent Gold to identify three distinct longitudinal trajectories of young adults' financial behavior. We examined the associations between these three trajectories and several markers of adult self-sufficiency. The approach undertaken in this study demonstrates the importance of financial behaviors in promoting self-sufficiency and well-being among young adults.

References

- Arnett, J. J. (2004). *Emerging adulthood: The winding road from late teens through the twenties*. Oxford: Oxford University Press.
- Bollen, K. A., & Curran, P. J. (2006). *Latent curve models: A structural equation perspective*. Hoboken, NJ: Wiley.
- Duncan, T. E., Duncan, S. C., & Strycker, L. A. (2006). *An introduction to latent variable growth curve modeling* (2nd ed.). Mahwah, NJ: Erlbaum.
- Eccles, J., Templeton, J., Barber, B., & Stone, M. (2003). Adolescence and emerging adulthood: The critical passage ways to adulthood. In M. H. Bornstein, L. Davidson, C. L. M. Keyes, & K. A. Moore (Eds.) *Well-being: Positive development across the life course* (pp. 383-406). Mahwah, NJ: Lawrence Erlbaum Associates.
- Preacher, K. J., Wichman, A. L., Briggs, N. E., & MacCallum, R. C. (2008). *Latent growth curve modeling*. Thousand Oaks, CA: Sage

Acknowledgements

Funding for this study provided by the National Endowment for Financial Education (NEFE) and the Citi Foundation.

¹ Assistant Director and Research Professor, Take Charge America Institute at the Norton School of Family and Consumer Sciences, University of Arizona, Tucson, AZ, USA. Phone: 520-621-5820. Email: jserido@email.arizona.edu.

² Doctoral Candidate, The Norton School of Family and Consumer Sciences, University of Arizona, Tucson, AZ, USA. Phone: 520-621-5820. Email: syahn@email.arizona.edu.

³ Assistant Professor of Marketing. Old Dominion University, Norfolk, VA, USA. Phone: 757-683-3544.
Email: ctang@odu.edu.

⁴ Dean and Professor, School of Human Ecology, University of Wisconsin-Madison. Madison, WI, USA.
Phone: 608-262-4847. Email: soyeon.shim@sohe.wisc.edu.

⁵ Research Assistant, The Norton School of Family and Consumer Sciences, University of Arizona,
Tucson, AZ, USA. Phone: 520-621-5820. Email: nminas@email.arizona.edu.