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

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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


Acknowledgements

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

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