

# Investing in Education: Parents, Teach Your Children

Joyce Serido  
Assistant Research Professor  
University of Arizona



# Agenda

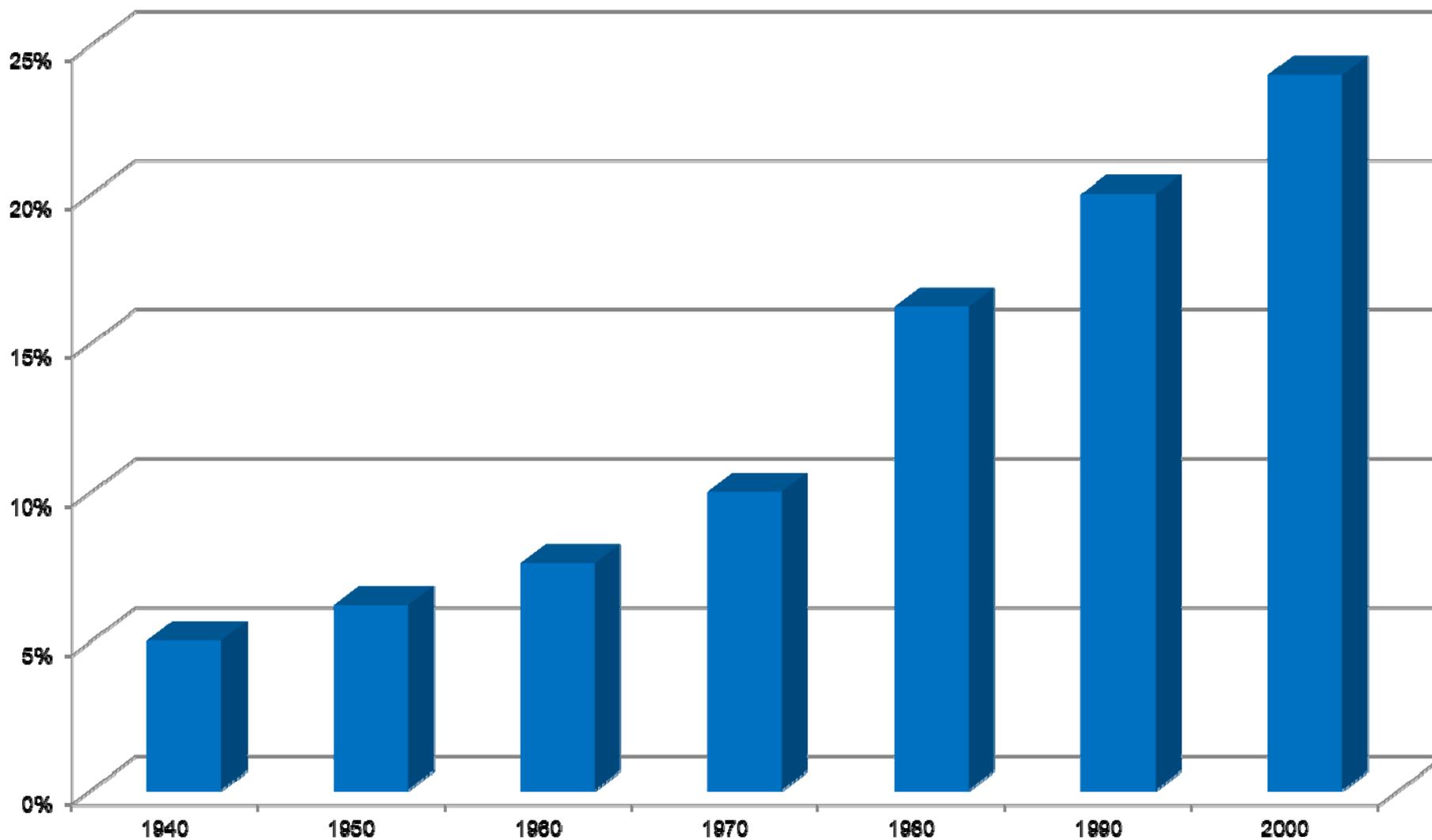
---

- The increasing importance - - and costs -- of a college education
- Research on the financial behaviors and well-being of young adults
- Translating research into practice



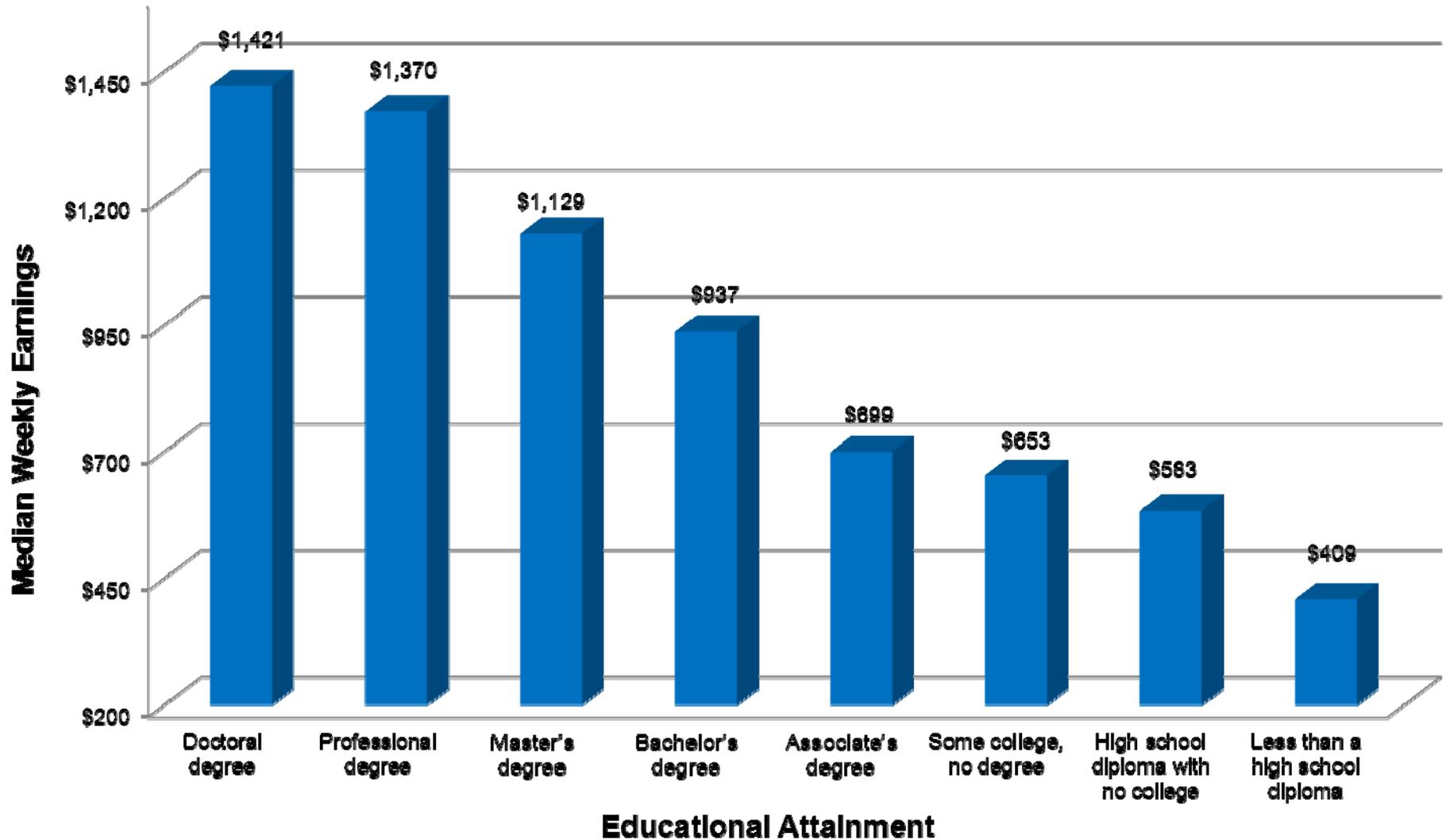
## The Increasing Importance (and costs) of a College Education

# College Graduation Rates



U.S. Department of Education, National Center for Education Statistics. (2009). *Digest of Education Statistics, 2008* (NCES 2009-020), Table 200

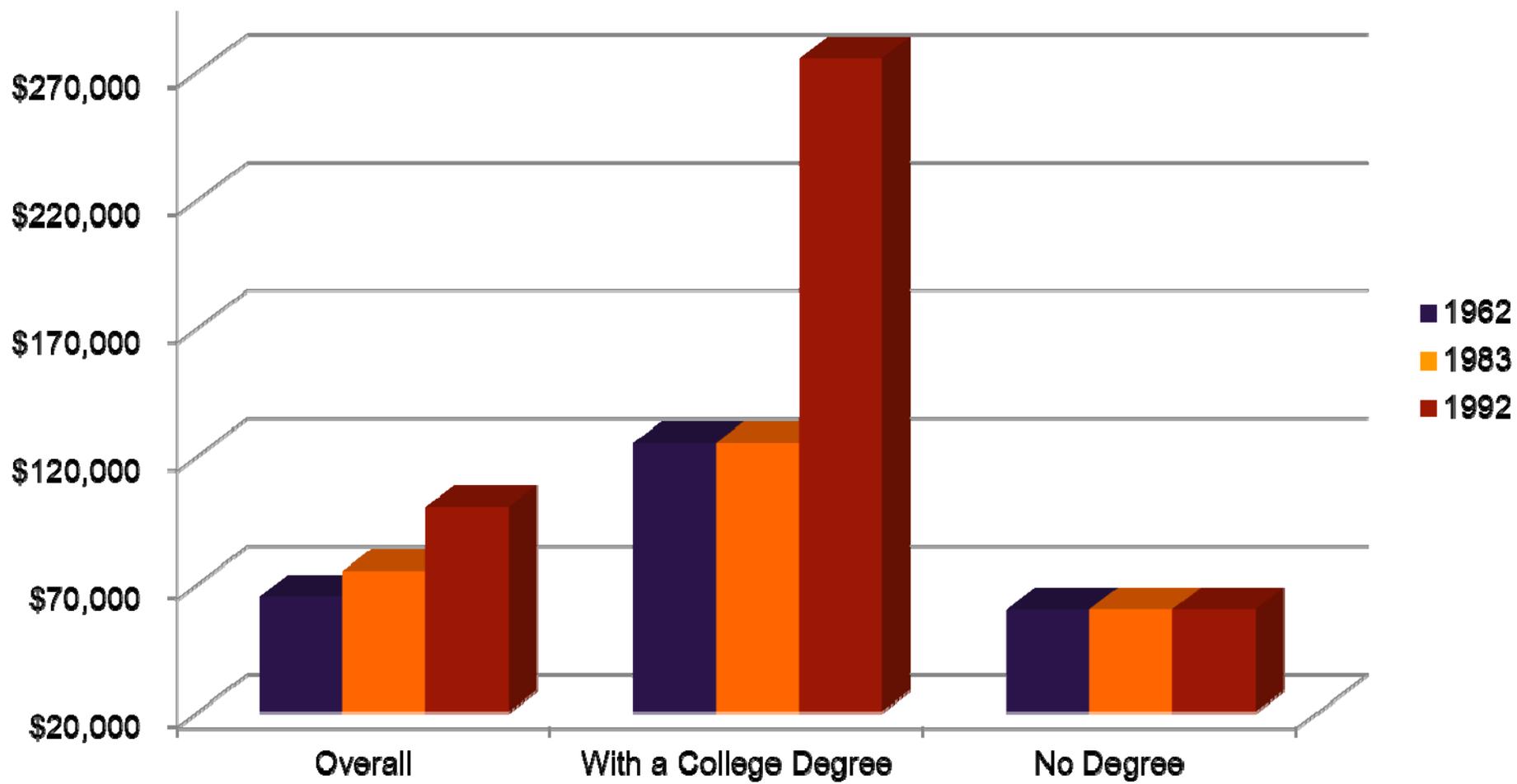
# Median Weekly Earnings of Full-time Wage-and-Salary Workers Aged 25 or Older, 2005



Bureau of Labor Statistics, 2006

# Is it worth it?

## Median Net Worth at Age 44



Scholz & Seshadri, 2009

April 2009



## Arizona Pathways to Life Success for University Students

Cultivating Positive Financial Attitudes and Behaviors  
for Healthy Adulthood

National Endowment for Financial Education (NEFE)  
John & Doris Norton School of Family & Consumer Sciences  
College of Agriculture and Life Sciences  
Take Charge America Institute for Consumer Financial Education and Research



# Research on the Financial Behaviors and Well-Being of Young Adults

*Ongoing research funded by the National Endowment for  
Financial Education (NEFE) and Citi Foundation in partnership  
with the Take Charge America Institute/University of Arizona*

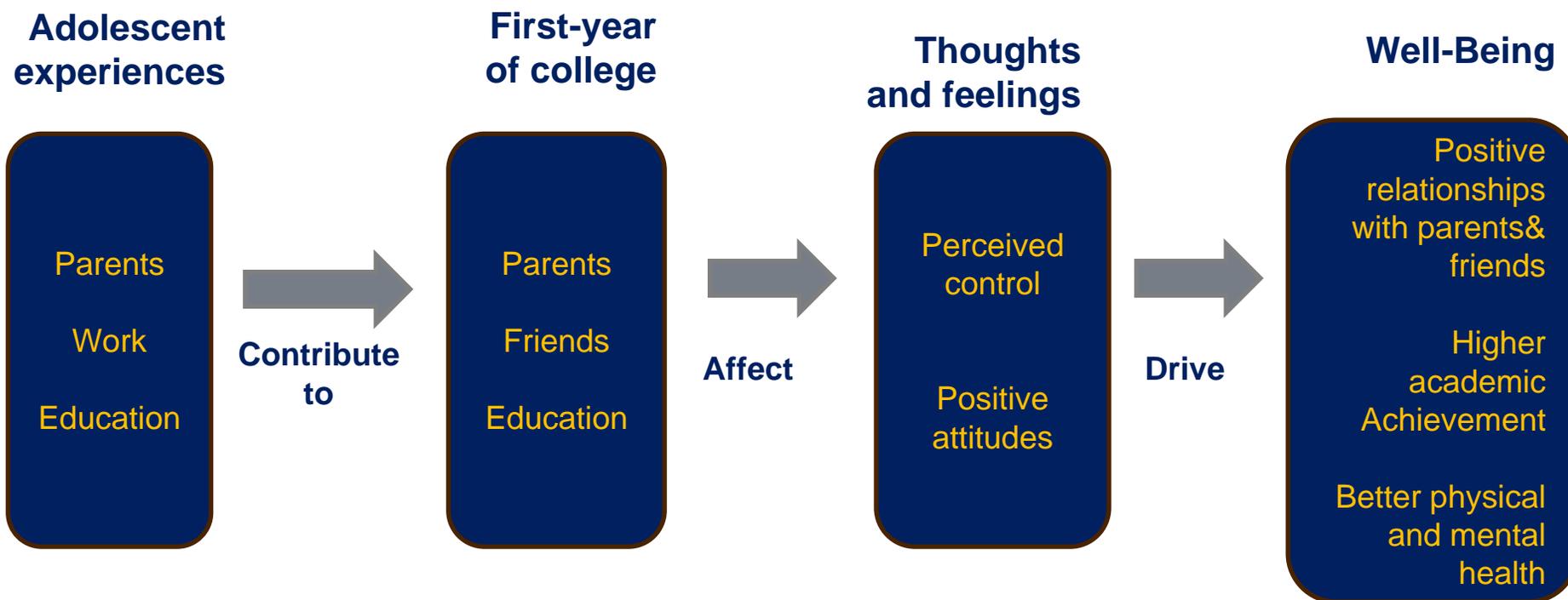
# APLUS: Charting a Course for Long Term Well-Being

---



- Arizona Pathways to Life Success for University Students (APLUS)
  - Short term - To understand how young adults form financial behaviors
  - Longer Term - How these financial behaviors affect their life success
  
- Why study college students?
  - They make independent financial decisions
  - But still rely on their parents for some material assistance

# Positive Socialization Pathways



## Parents Matter

---

- Directly and explicitly teach financial behaviors
- Model positive behaviors
- Expect responsible financial behaviors
- Cultivate positive adult relationships

**→ *The result: Children are more prepared to be self-sufficient***

## Work Experience is a Useful Tool

---

- Makes financial management relevant
- Provides money-management experience
- Promotes positive attitudes towards financial management

**→ *The result: Strengthens financial literacy and financial self-confidence***

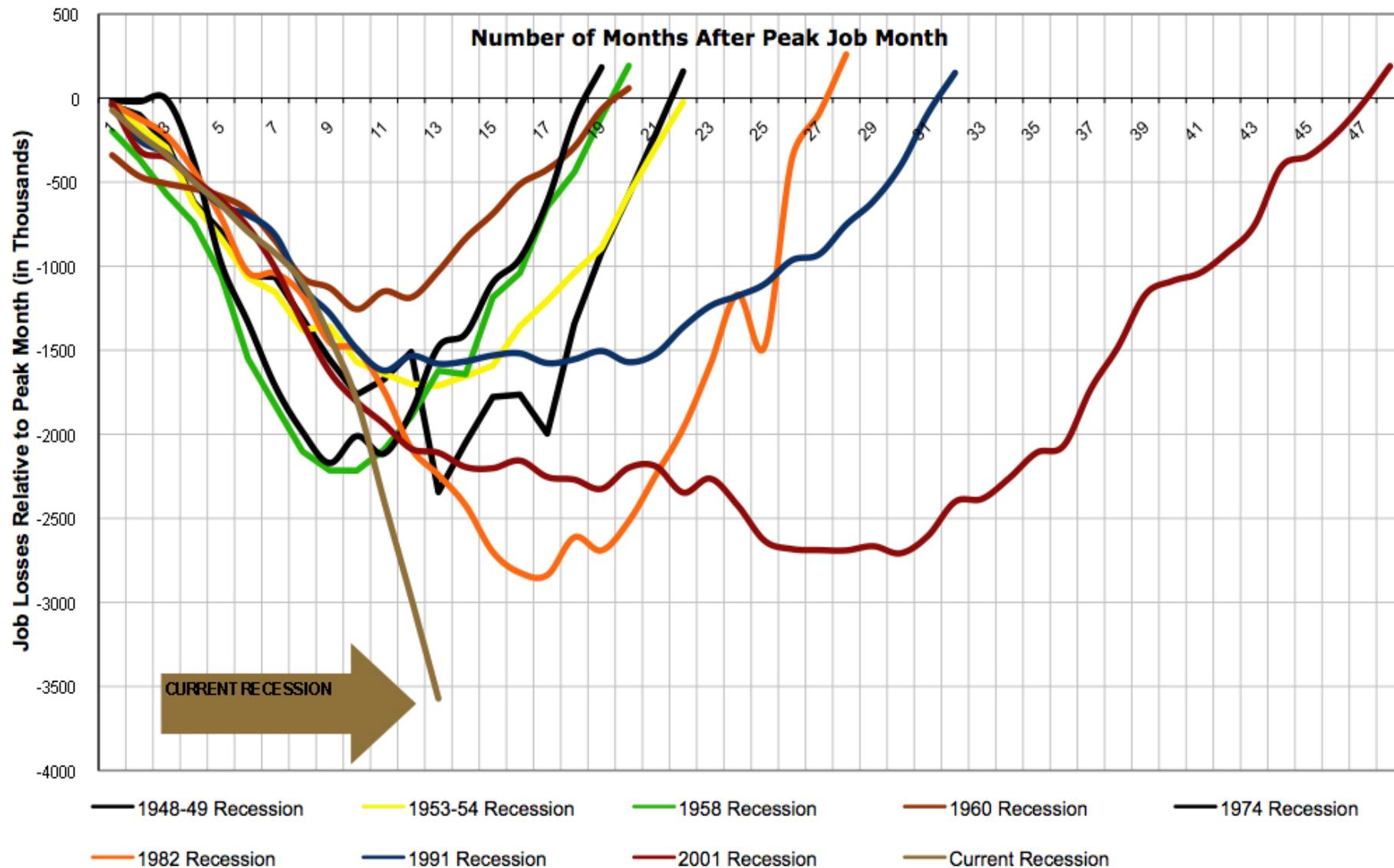
# Financial Education Makes a Difference

---

- Reinforces parents' teaching
- Extends understanding of financial topics

→ ***The result: Promotes use of responsible financial behaviors***

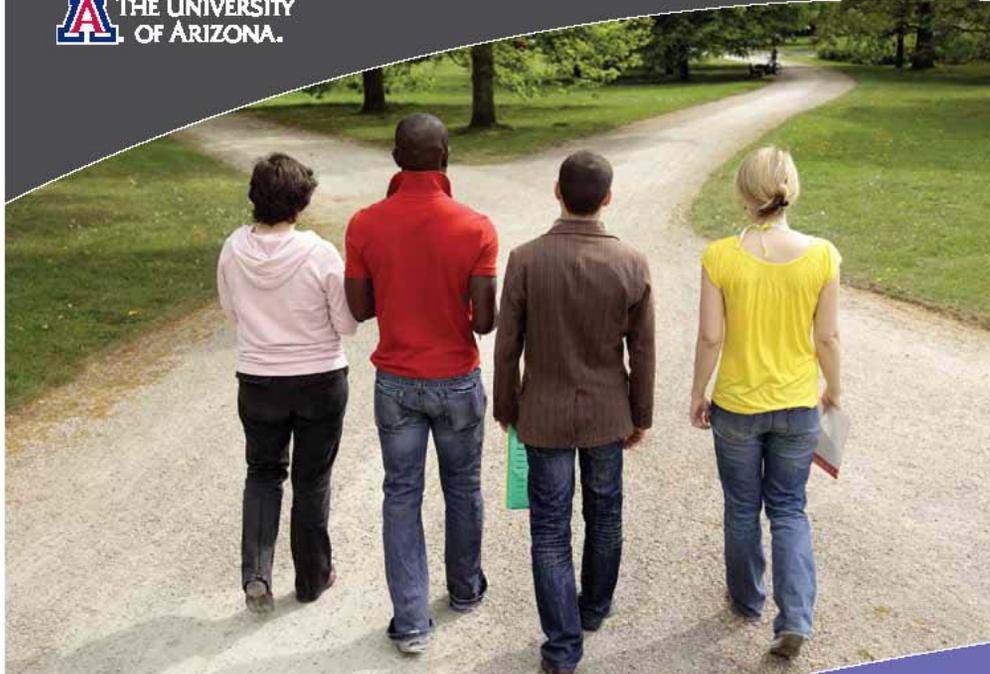
### Job Losses\* in Post WWII Recessions



\* Change in Nonfarm Payrolls, Reported Monthly, Bureau of Labor Statistics, US Dept. of Labor



January 2010



## Arizona Pathways to Life Success for University Students

Wave 1.5 Economic Impact Study: Financial Well-Being,  
Coping Behaviors and Trust among Young Adults

National Endowment for Financial Education® (NEFE®)  
John & Doris Norton School of Family & Consumer Sciences  
College of Agriculture and Life Sciences  
Take Charge America Institute for Consumer Financial Education and Research



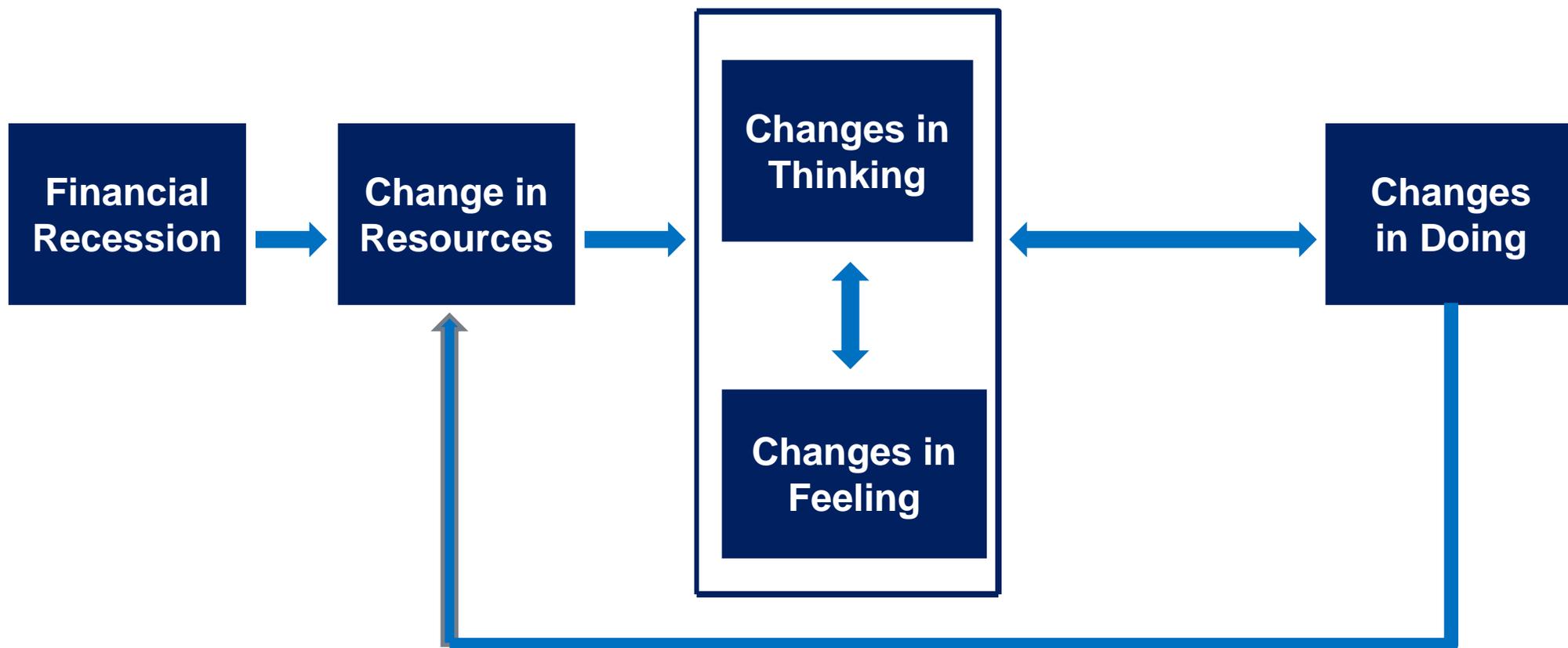
# Financial Behaviors of Young Adults During Recession

## The Impact of the Recession

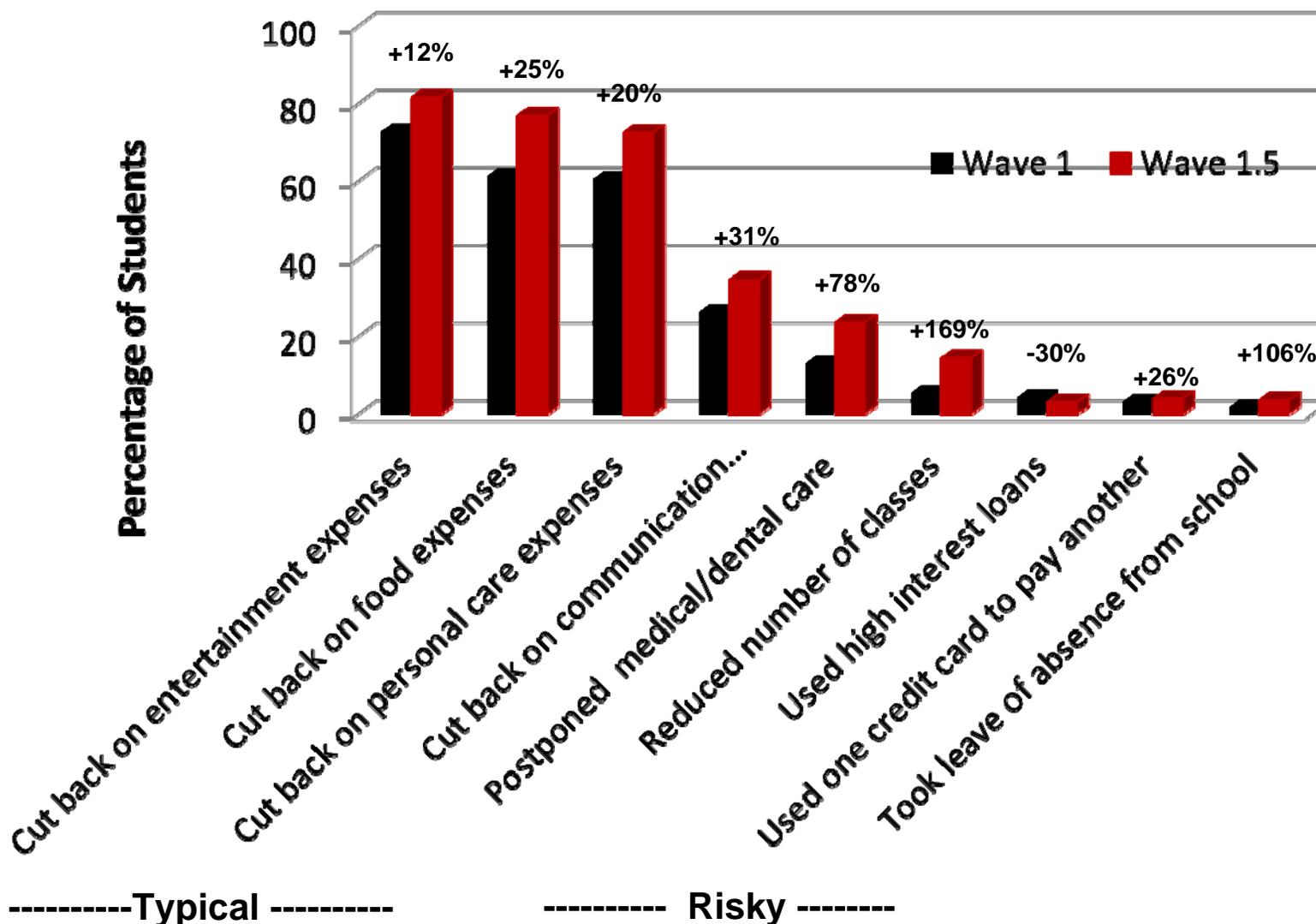
---

- Self-confidence regarding personal finances declined an average of 19%
  - The decline was twice as steep for women compared to men.
- Well-being declined in every category measured (e.g., health, relationships, financial, academic)
- Risky financial coping strategies increased an average of 78% between spring of 2008 and spring of 2009.

# Managing Life's Ups and Downs



# Changes in Financial Coping Strategies



# Life is a Process of Ongoing Adaptation

---

- Use current economic situation as a teaching tool
- Educate people about assessing the security and safety of banking and financial products
- Initiate opportunities to dialogue about the challenges they face

T  
r  
a  
n  
s  
l  
a  
t  
i  
n  
g



Research Into Practice

## Promoting the Well-Being of Young Adults

- Parents make a difference – more so than financial education and work experience combined
- Financial competency is an ongoing - and dynamic - process
- Regardless of social class, young adults need to learn financial management skills at home.
- Healthy discussions about finances and financial management offer a safe training ground to practice and strengthen financial skills, facilitate financial independence.
- Expecting responsible behavior promotes responsible financial behaviors

## What You Can Do

- Help parents understand the value in investing in education
- Explain what parents can do to help their children
  - Model
  - Teach
  - Set Expectations
  - Communicate
- Show parents how to prepare for the unexpected

*Thank you!*



*If you can dream it,  
we can help you be it...*

**My Kind Of College**  
[www.mykindofcollege.com](http://www.mykindofcollege.com)