

Putting Research to Work for Families



Focus:
Civilian

The Lengthening Transition to Adulthood: Financial Parenting and Recentering during the College-to-Career Transition

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SUMMARY: Taking ownership of one’s financial behavior can be considered as one of the important milestones of emerging adulthood. This study examined how parental financial socialization and college students’ financial behavior changes over time. The findings indicate that parent-directed financial behavior declined during the college-to-career transition. However, college students’ financial behavior did not improve over time.

KEY FINDINGS:

- Parents’ explicit and implicit financial socialization tended to generally decrease during the college students’ college-to-career transition.
- The decline in parents’ financial socialization was not accompanied with improvement in the financial behavior of college students.
- College students belonging to lower income families reported lower level of parental financial socialization compared to those from high- and middle-income families; however, pattern of change in students’ financial behavior did not differ by income.
- First-generation college students received lower level of financial parenting; however, pattern of change in financial behavior did not differ between first-generation college students and continuing-generation college students.

IMPLICATIONS FOR YOUTH DEVELOPMENT PROFESSIONALS:

- Collaborate with financial education programs to emphasize importance of including parents in youth’s financial education
- Develop activities to create positive and personalized relationships between parents and youth, especially during the period of transition to adulthood

IMPLICATIONS FOR PROGRAM LEADERS:

- Provide workshops for parents of college-going youth that focus on how they can continue explicit and implicit financial socialization
- Disseminate information regarding common difficulties youth face during the transition to adulthood and where individuals and families can find help for those problems

IMPLICATIONS FOR POLICY MAKERS:

- Recommend collaboration between colleges and community-based organizations that support youth who may need additional support (e.g., first-generation college students)
- Encourage the training of professionals to better identify parents who have difficulties managing financial roles and responsibilities

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METHODS

- Data were drawn from a longitudinal study from year 2007 to 2016, which examined the formation of emerging adults' financial behaviors and the association between early financial behaviors and later life success.
- The final sample consisted of emerging adults who responded to three surveys that provided information on financial parenting.
- An analysis of the data was done to determine how implicit and explicit financial parenting was linked with the financial behavior of the participants.

PARTICIPANTS

- The sample consisted of 922 college-going students, and 35.5% of the participants were male. Fifteen percent of participants were first generation college students.
- In the sample 67.8% of participants were White, 14.8% were Latino, 10.2% were Asian/Asian American/Pacific Islander, 2.7% Black, and 1.2% were Native American. The racial identity of remaining participants was not reported.
- Of the sample, 30.9% of participants were low income, 24.5% were middle income, and 42% were high income; income data of the remaining 2.6% of participants were missing.

LIMITATIONS

- The participants volunteered to participate in the survey related to financial behaviors. These participants may differ from other college going students who did not volunteer in ways that may affect the results and were not examined in the study.
- The data were dependent on participants' self-reporting of their financial behavior and parental financial socialization; only one source of information for both variables could introduce bias among the sample.
- The measures used to assess college students' financial behavior and parents' financial socialization were not standardized, so, results should be interpreted with caution.

AVENUES FOR FUTURE RESEARCH

- Collect data from young adults and their parents that measures changes in the type of interaction related to basic money management practices
- Recruit a more heterogeneous sample of college students in terms of ethnicities, genders, and education levels, and nationalities so that the results can be better generalized to the larger U.S. population
- Explore other sources of financial socialization (e.g., romantic partners) during emerging adulthood

ASSESSING RESEARCH THAT WORKS

Design



Excellent
Research Plan
and Sample

Methods



Excellent
Measurement
and Analysis

Limitations



Few

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<https://reachfamilies.umn.edu/content/assessing-research-that-works>