

# **Financial Literacy and Perceptions of Post- College Life of Undergraduates**

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## **ABSTRACT**

Recent studies have examined how college students' levels of financial literacy correlate to debt, major, and parental involvement. Our research explored the gap of how financial literacy relates to undergraduate students' understanding of post-college financial responsibilities and worries. Using a random sample survey, our research specifically tested two hypotheses: college students with high financial literacy are more likely to understand personal post-college financial responsibilities than students with lower financial literacy, and the higher students believe their financial literacy to be, the less anxious they are about post-college life. Our results indicated a positive relationship between students' financial literacy and their understanding of post-college financial responsibilities and indicated a negative relationship between students' perceived financial literacy and their level of concern about post-college life. Based on our findings, we recommend that the college of study, and similar college campuses, increase and expand their financial literacy education programs.

## **LITERATURE REVIEW**

College students and money have a connected relationship because of the cost of education, its potential benefit, and because of the importance of college in modern society. For many, college is the assumed next step after graduating from high school and is considered an investment because of the increased income that typically follows a college education (Ryan

and Siebens 2012). Students often consider the economic benefits of certain academic fields in order to capitalize on this investment through their post college earnings (Thomas 2000). Due to these reasons, and to the fact that low financial literacy is correlated to low levels of income (Lusardi and Tufano 2009), we are interested in studying how current students' financial literacy affects their perceptions of future plans. What students know about finances could play a crucial role in their ability to conceptualize and accomplish their future plans.

### *FINANCIAL LITERACY*

*Financial literacy* has no concrete definition in contemporary research. Instead, researchers have created their own conceptualizations of the idea. For example, Cull and Whitton (2011) describe financial literacy as a way to encompass knowledge in individual financial terms and actions, while Cude, Lawrence, and Agcenter (2006) and Lyons (2004) describe it as a process in which decisions are judged by their consequences and by the deficiencies in financial management practices. Finally, Chen and Volpe (1998) explain financial literacy by the potential outcomes of hypothetical situations. These three examples explore different aspects of financial literacy and how it contains individual and larger concepts and applies to hypothetical and real world contexts. These different approaches also focus on the demographic being studied. For example, researchers are likely to ask college students more hypothetical or knowledge-based questions rather than personal history questions since their youth limits the amount of history they would have to draw upon.

The attempt to create a holistic understanding of *financial literacy* necessitates multi-faceted definitions. There must be a component that examines knowledge of financial terms and procedures, another that looks at the basic concepts of financial terms (understanding the broader structures), and another that looks at the implementation of said knowledge into practices and habits (Hogarth, Beverly and Hilgert 2002). It is important when studying the financial literacy of students to focus on terms and procedures that directly concern them (for

example debt, taxes, interest, etc.) instead of things they do not have to deal with yet (for example retirement planning, mortgages, etc.) (Cull and Whitton 2011). While this more selective approach does not measure a completely comprehensive financial literacy base, it is effective in determining the knowledge that college students have a need (and thus motivation) to know.

Studies of financial literacy have measured many predictors that relate to college students' knowledge of financial topics. These include demographics such as socioeconomic status, gender, and age, along with variables such as undergraduate major, amount of debt, parental contributions/involvement, and educational programs (Hogarth et al. 2002; Chen and Volpe 1998; Cull and Whitton 2011).

### *UNDERGRADUATE MAJOR*

An area of interest in our preliminary research is the link between undergraduate major in college and one's financial literacy. While undergraduate major does not directly align with one's profession or future plans after college, it separates students into social spheres that have their own distinct values, interests, and topics deemed suitable for study. Previous research has found that different areas of financial literacy are higher and lower in correlation with one's undergraduate major. Despite its age, Chen and Volpe's (1998) study confirmed that business majors are more knowledgeable than non-business majors in finances because of the opportunity and requirements to take finance-related courses. On average, business majors answered 61% of Chen and Volpe's (1998) survey questions correctly compared to 50% for non-business majors.

### *DEBT*

There hasn't been much research concerning how college students' debt is related to their financial literacy even though the average outstanding student loan balance, in addition to

other types of debt, is \$23,300 (Boyland and Warren 2013). Even more worrisome is that information about loan debt management is not provided to students from the loan lender until the loan-exit interview (U.S. Department of Education 2012). It is known that adults with low levels of income are more likely to have low levels of debt literacy; which should be especially concerning for college graduates who may not find a high paying job right out of college (Lusardi and Tufano 2009).

Research has shown that students who fail to associate poor decision making with financial difficulty score lower on financial literacy tests than those who believe that individual decisions play a crucial role in financial success (Mandell and Klein 2007). Another study demonstrates that if students own credit cards, they are more likely to be financially at risk (Cude et al. 2006). This is especially true if students are motivated to acquire their cards through credit card companies' aggressive marketing practices (Lyons 2004). If students do not have a strong foundation of financial knowledge, they are easily manipulated into making unsound financial decisions. Lyons (2004) suggests that additional financial education should be prioritized to groups that have been targeted as high-risk populations for credit card debt.

### *PARENTAL INFLUENCE*

Research by Jorgensen and Savla (2010) used social learning theory to understand the perceived influence parents have on their children's financial knowledge and found that parental figures do not play an essential role in student's financial knowledge. Mandell and Klein's (2007) research shows that many young adults experience their own financial independence by managing credit card debt, savings and checking account, but the majority of them still depend on their parent's financial support. Students' continued dependency on parental aid throughout high school and during college shows that parental involvement in their children's finances does not help in improving young adult's financial knowledge and/or current financial experiences (Mandell and Klein. 2007).

When considering student's financial literacy, Jorgensen and Salva's study (2010) assumed that the basis of students' financial knowledge comes from parental figures. This understanding of parental and family roles in college students' financial literacy suggests that parents are not educating their children about finances (Jorgensen and Salva 2010). When young adults can rely on their parents' financial knowledge, they lack the motivation to increase their own financial knowledge (Cude et al. 2006).

### *PROGRAMS PROMOTING FINANCIAL LITERACY*

Research by Cude, Lawrence, Agcenter (2006), Lyons (2004) and by Mandell and Klein (2007) found that students don't maintain knowledge gained from high school financial classes. This education has no impact on their future levels of financial literacy. Mandell and Klein (2007) found that low retention of financial education is linked to students' lack of motivation: at the time of instruction, few high school students thought specific financial lessons were relevant to their current lives. On the other hand, Masuo, Kutara, Wall and Cheang (2007) found that recent college graduates were very interested in learning about a range of financial subjects in order to improve their overall financial well-being. This supports Mandell and Klein's (2007) findings because as students get older, financial literacy should become more relevant, and thus students should be more attentive to monetary education programs.

Cull and Whitton (2011) believe that it should be every university's duty to prepare its students for handling debt from their school loans. Many studies regarding college students' financial literacy include a wide range of suggestions for how college campuses should improve their methods of educating their own student body. Some techniques include using face to face workshops to relay information (Cull and Whitton 2011), requiring a personal finance course as a general education requirement (Cude et al. 2006), and taking a holistic approach to financial education by involving multiple campus resources (Masuo et al. 2007). However, researchers caution that not every college student body is the same. They assert that current campus

financial resources and student demographics should be assessed before new programs are created (Boyland and Warren, 2013; Cude et al. 2006).

### *POST-GRADUATE PLANNING*

Financial literacy is connected to college career plans because of its relationship to goal creation. Mandell and Klein (2007) found that students do not retain financial knowledge gained in financial literacy programs unless they see the practical future use for the information. Essentially, if students cannot connect what they learn in class to their future goals they will not increase their financial literacy. Mandell and Klein (2007) claim that financial literacy programs must show how gaining financial knowledge adds positive value to students' lives through higher salaries and career attainment.

Career planning is essential to high school and college students' future successes in the workplace (Creed, Fallon, and Hood 2009; Koen, Ute-Christine, Vianen and E.M. 2012). Research on career training and mentorship programs found that students who consciously think and prepare for future careers will report higher job satisfaction and retention when working because they are building their career adaptability (Koen et al. 2012). Savickas' dated, yet still referenced, research defines career adaptability as the capacity to react to changes in the workplace while continuing to fulfill one's work role (Savickas 1997:254). Career training courses facilitate this forward and flexible thinking. A study from our research also suggests that one-on-one mentorship encourages students to prepare for their work future because it puts them in contact with adults in the workforce and thus provides opportunity to think beyond education (Villarejo, Barlow, Deborah, Veazey, and Sweeney 2008).

Building career adaptability in students is key to a successful training program because it builds motivation for future career plans through fostering the skills of *curiosity*, *concern*, *control* and *confidence* for a future career. Savickas et al. (2012) and Koen et al. (2012) describe these skills as the ability to think about and question future plans, identify individual abilities, challenge

perceptions about specific career plans, and become confident because of this mental preparation. Essentially, building career adaptability causes students to think about and prepare for their futures. In the same way, building financial literacy may encourage students to be concerned about their financial situation, recognize their economic abilities, and become confident in their future plans.

### *DEBT*

Debt influences students' college enrollment choices and thus future plans. This is because students who are worried about the cost of a university are more likely to choose a school close to home or one that is less prestigious (Malcolm and Dowd 2012). Malcolm and Dowd also point out that poor financial management can affect more than just students' finances (2012). It can also affect students' academic performance and their ability to find employment after graduation (Rothstein and Rouse 2011). It is important to know that debt profoundly influences students' future plans--it will determine what kind of job and even schooling that the student will pursue. Students who are aware of their debt are willing to incur extra cost and bear additional debt to attend a graduate program that may considerably increase their future earnings (Malcolm et al. 2012). This is what is called the "right" amount of debt, meaning that those students who are graduating from a high status university, with high demand of certain majors in specific fields, are able to take out more loans, given that they will make higher earnings (Malcolm et al. 2012).

### *UNDERGRADUATE MAJOR*

Studies by Cude, Lyons, Metzger, LeJeune, Marks and Machtemes (2006) found that when a student chooses a major, he or she does so with the idea that they will make high earnings after graduation. This study also suggested that negative financial outlooks impact students' career choice decisions and thus their choice of major. For example, students'

awareness of their financial situation, especially of loan debt, may impact their understanding of what is possible for their future. Also, their financial situation in college can affect their academic performance. This study reported that one in three students said his/her financial situation was “likely” or “somewhat likely” to affect their ability to complete a college degree (Cude et al. 2006).

### *OUR RESEARCH*

Our study addresses the lack of research concerning the direct relationship between financial literacy and perceptions of post-college life. It also examines how financial literacy, and the factors of class year and post-graduate plans are associated with students’ thoughts and feelings about their future financial responsibilities. Our research also distinguishes between actual and perceived financial literacy levels to better gauge why or why not students feel confident about their ability to be successfully financially independent after graduation.

### *HYPOTHESES*

H1: College students with high financial literacy are more likely to understand personal post-college financial responsibilities than students with lower financial literacies

H2: The higher students believe their financial literacy to be, the less anxious they are about post-college life

### **METHODS**

We conducted our research for our Social Science Research Methods course in the fall of 2013 at a small liberal arts school in southern Minnesota. Our study was a part of the larger class course research on college students and money. We decided to focus on the relationship between financial literacy and post college life in undergraduate students. We first conducted a

focus group with six students. Our focus group discussion included questions concerning college loan debt, parental involvement, and how general financial knowledge is connected to students' future plans. These topics were selected based on previous research concerning young adults and financial issues. The focus group served to establish the connections on how students' personal lives fit into our conceptual definition of financial literacy and future plans. We used participants' responses to define student concerns when thinking about postgraduate plans which helped to inform our hypotheses and shape our survey questions.

We used a web-based survey to collect our data. We chose to implement a survey in order to get confidential feedback from a large population of students. Unfortunately, We had a low response rate despite offering gift card incentives in the form of a drawing. Additionally, our study had a one semester the time restraint so in order to speed up data collection and analysis, the survey method seemed most appropriate. The survey included questions to test students' financial literacy and to understand their opinions and beliefs on the importance of financial knowledge in relation to their post-college plans. The survey was composed of multiple-choice questions, list questions, five and six-point Likert scale questions, and one open-ended question. Our survey questions were included in a larger survey dealing with college students' financial experiences and beliefs.

#### *SAMPLING AND SAMPLING FRAME*

The entire student population of our college served as the target population for our study. From there, our college's Office of Institutional Research and Evaluation eliminated 800 students from the sample, as they had already been contacted for a survey earlier this year through random sampling techniques. The Office of Institutional Research and Evaluation wanted to protect against student survey fatigue, which would affect their future survey distribution. This left a remaining 1,800 students that we had the ability to distribute our survey to. From there, we eliminated all of the students currently enrolled in our class, students

currently away on off-campus programs (including study-abroad), international students (regardless of whether they're here for one year or four), students under the age of eighteen and over the age of twenty-five, part-time students, students who are primarily St. Olaf employees and taking classes as an employee benefit, and students who participated in the focus groups. These students were then divided into three different groups, which enabled other surveys to be distributed. The Director of Institutional Research used a computer program to create a sample and email alias for each group. Neither the director nor the researchers saw the list of student names being used in our sample. From a sample frame of 530 we obtained a sample size of 198 with a response rate of 37%. Our sample included 49 first years, 55 sophomores, 39 juniors and 49 seniors. 66% of respondents were female and 34% were male. The ethnic distribution of our sample size included 84% who identify as white. All other ethnic and racial groups totaled 16% of our sample size.

## VARIABLES

For our first hypothesis, the independent variable was the financial literacy level of subjects and the dependent variable was the personal understanding of financial responsibility. For our second hypothesis, the independent variable was students' perceived financial literacy, meaning the perceptions of their own financial literacy, and the dependent variable was student's level of worry about post-college life.

To measure the first independent variable – *calculated financial literacy levels* – we created an index, and asked respondents eleven financial multiple choice questions. We excluded one question from the index because a few respondents expressed confusion about the possible responses and after further research we concluded that there were multiple correct answers. These responses allowed us to measure respondents' applied knowledge of financial literacy. We came to use these questions by adapting Jump\$tart's full financial literacy test for high school seniors and college students. Jump\$tart, a coalition survey created by Lewis

Mandell, currently of the Aspen Institute and the University of Washington, compared high school students' results with those of college students. From college students' results, we chose a range of easy, medium and hard questions that were most relevant to college students' financial experiences and information that we deemed necessary for post-graduate life (Mandell 2008). For example, one question asked "Which pair of actions are best for building a good credit rating?". There were four possible multiple choice answers, one of them being the correct response of "Keep your debts low and pay your bills on time."

To measure the second independent variable – *students' perceived financial literacy* – we asked respondents to indicate how much they believe they know about a variety of financial topics: financing the purchase of a car, starting salaries for entry level jobs and car insurance rates. For each response we used a Likert scale with the options "Everything or nearly everything," "Most things," "A moderate amount," "Very little," and "Nothing". These 11 responses were then collected to create an index of *perceived financial literacy*.

For the first dependent variable - *personal understanding of financial responsibilities* - we asked respondents to indicate their level of awareness of the amount of debt they will have after graduation, the amount of time it will take to pay off any financial debts at the end of college, and the cost of living where respondents plan to live in the first two years after graduation. These three questions had Likert scale options of "Very aware," "Mostly aware," "Somewhat aware," "A little aware," and "Completely unaware." Additionally, these 3 responses were combined with 8 questions about financial obligations to create an 11 item index. The questions about financial obligations were measured on a Likert scale where students were asked if they knew "Everything or nearly everything," "Most things," "A moderate amount," "Very little," or "Nothing" about credit reports, eligibility requirements for credit cards, and more.

To measure the second dependent variable - *level of worry about post-college life* - we asked respondents eight questions about life after graduation. For example, some were: After graduation I... worry about living on my own, worry about figuring out taxes and feel confident

about using a budget. In order to avoid the halo effect, some responses asked about worry and others asked about confidence levels. The questions about confidence were added in reverse of the worry scale. We used a Likert scale for our respondents with the response categories of: “Strongly agree”, “Agree”, “Slightly agree”, “Slightly disagree”, “Disagree”, and “Strongly disagree”.

### *VALIDITY AND RELIABILITY*

In our research we strove to achieve content and face validity. Content validity requires that all aspects of our conceptual definitions be measured in our survey (Neuman 2011). For example, a conceptual definition that we needed to operationalize was students’ level of financial worry about post-college life. To define student’s financial worry about post-college life, we put together a list of many financial subjects that our team and focus group members indicated as intimidating or stressful to think about. Our final conceptual definition for worry about post-college life was: “Most students believe that, following graduation, they will find taxes, using a budget, credit cards, loans, job salaries, investments, and independent living to be stressful to some degree.” We operationalized this concept by measuring the confidence of students with statements such as “I worry about living on my own,” “I worry about figuring out taxes,” and “I feel confident about using a budget,”. These items were measured on a six response Likert scale from strongly agree to strongly disagree. Through this process we were able to capture a holistic understanding of our variable. We also ensured face validity, which is the approval of professionals that our measurement matches our definitions (Neuman 2011). We had professors and peers review our questions and made adjustments according to their recommendations.

Our team addressed reliability, which is the ability of a survey to yield the same results multiple times when random sampling is used (Neuman 2011). One way we did this was by avoiding asking questions about health insurance because of the changes that occurred on a

national scale during the time of the study. We also created a precise level of measurement by avoiding jargon, double barreled questions, and overly emotional language in the survey questions and responses. We also strove for close-ended, mutually exclusive, and exhaustive answers. These steps reduced the variability of the data we collected. Finally, we performed a pretest with our research peers.

## *ETHICS*

Our study protects against ethical issues by embracing the basic principles outlined by the Institutional Review Board (IRB). This includes using clear, informed consent at the beginning of our survey and focus group, honoring our guarantee of anonymity, confidentiality, and not using any deception in our process or survey questions (Neuman 2011). The College IRB helps ensure the ethical principles of respect, beneficence and justice by requiring all college researchers, including ourselves, to abide by their given ethical policies and procedures. In addition to our roll in following IRB principles, the Director of Review Board put together a sample of students for us as previously explained, protecting against ethical concerns.

We first followed IRB procedures by ensuring informed consent. We explained the purpose and nature of our study and clearly articulated to all students that participation was entirely voluntary. There is only one area of potential harm in the study—the topic of our questions could evoke stressful emotions in some individuals. In particular, the question detailing how much debt the participant has could be especially triggering. In order to minimize this harm, we used nonjudgmental words and included a large range of debt options so that the participant felt that their debt wasn't outstanding compared to others. Additionally, we made sure that none of our questions were extremely intrusive regarding personal financial behaviors, fears, or knowledge. There are no other relevant ethical issues that we are aware of for this study.

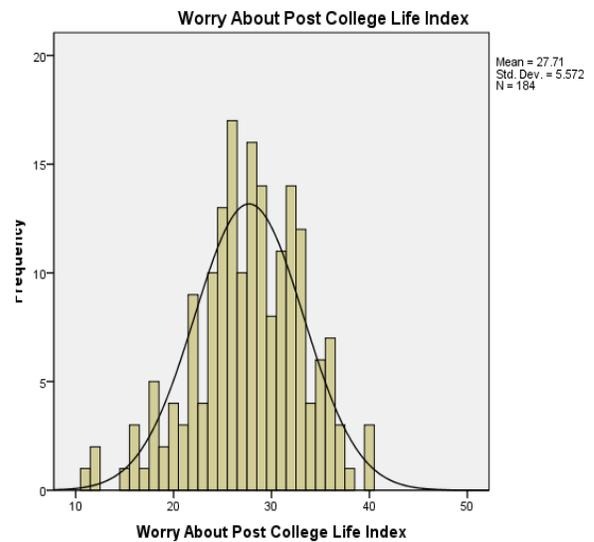
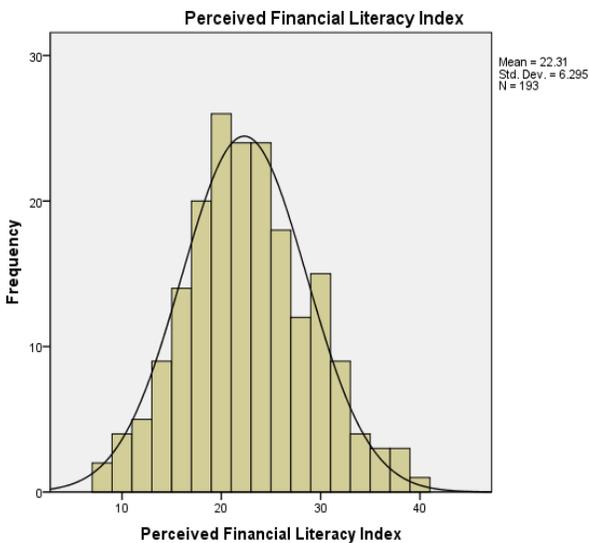
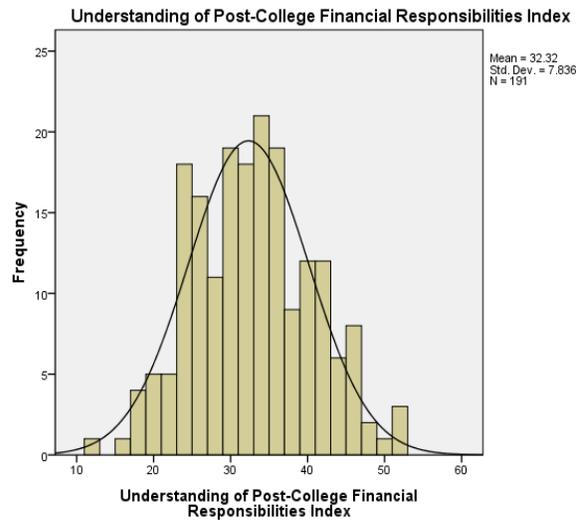
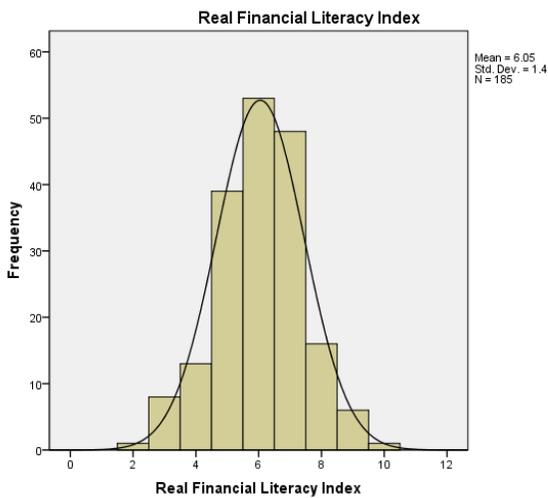
## RESULTS

In order to determine the validity of our hypotheses, we created 4 indices and used 2 Pearson's R tests. Our first hypothesis examines the relationship between financial literacy and understanding of post-college financial responsibilities. Our second hypothesis examines students' perceived financial literacy level with their worry about post-college life. Furthermore, we investigated relationships in these variables by controlling for class year and intended postgraduate plans; but these controls were statistically insignificant and did not change the results of our analysis.

### *UNIVARIATE DATA*

Our univariate analysis included four indices: Real Financial Literacy (RFL), Perceived Financial Literacy (PFL), Understanding of Post-College Responsibilities (UFR), and Worry About Post-College Life (WPC). All four of these indices were evenly distributed, informing which statistical analysis we should perform. Below is a table and individual graphs that describes each of the indices in terms of their distribution and central measures of tendency.

<b>Variable</b>	<b>Number of Questions</b>	<b>Potential Range</b>	<b>Mean</b>	<b>Median</b>	<b>Standard Deviation</b>
RFL Index	10	0-10	6.1	6	1.4
PFL Index	11	11-55	22.3	22	6.3
UFR Index	11	11-55	32.3	32	7.8
WPC Index	8	0-48	27.7	28	5.6

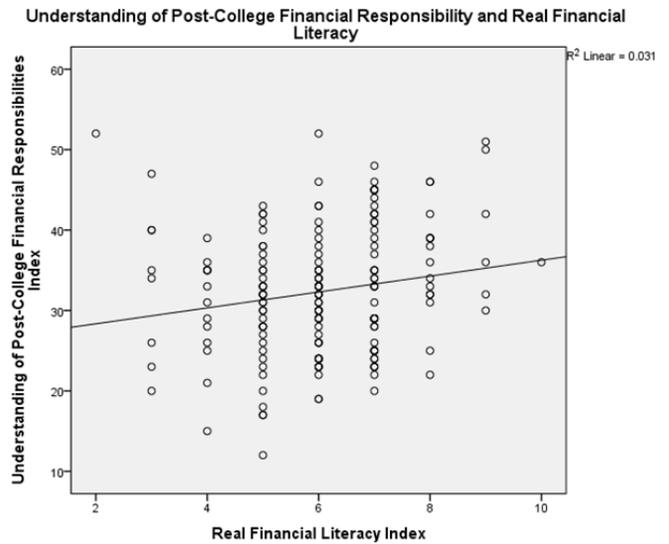


## BIVARIATE ANALYSIS

*Hypothesis 1: College students with high financial literacy are more likely to understand personal post-college financial responsibilities than students with low financial literacy.*

To test the first hypothesis, we created both the Real Financial Literacy Index (RFL) and the Understanding of Personal Post-College Financial Responsibilities (UFR) Index. The RFL Index was created from a set of 10 knowledge-based questions from which a participant's level

of financial knowledge was assessed. Each question was given one point for a correct answer only, creating an index with a possible score of 0-10, zero meaning answering every question wrong and ten meaning answering every question correctly. Some examples of the questions were, “In which circumstance would it be financially responsible for you to borrow money to buy something now, knowing that you will go into debt to pay for it?” and “John must borrow \$15,000 to finish his college education. Which of the following would NOT be likely to reduce the debt he has to repay?” These questions had four multiple choice options to choose from.

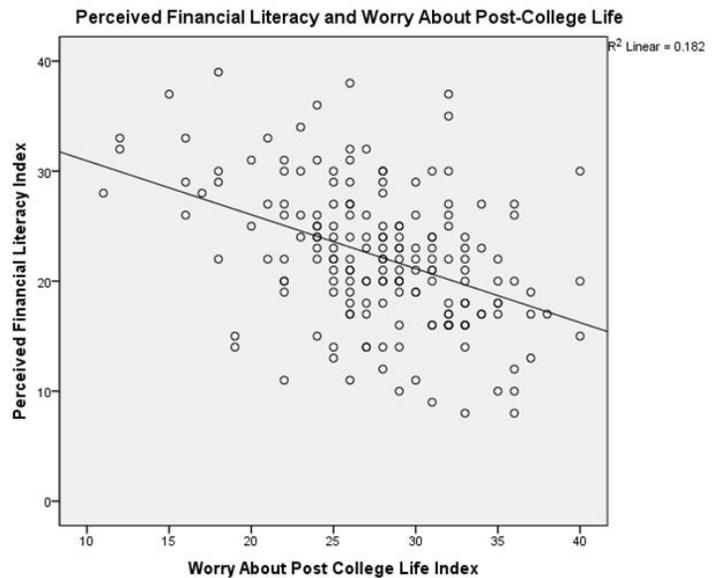


The UFR Index was created using a set of 11 questions, assessing student’s knowledge and comfortability of responsibilities they will have to face after graduating from college. These topics included rent, paying back student loans, insurance costs and plans, and retirement-saving basics. These questions added up to create an index of 55 possible points, higher score indicating a greater understanding.

We then calculated a Pearson’s correlation coefficient for the relationship between RFL and UFR finding a weak positive correlation ( $r(177)=0.117$ ,  $p=0.009$ ), indicating a significant linear relationship between the two variables. This means that our hypothesis was supported--the higher one’s RFL, the higher their UFR also tended to be.

*Hypothesis 2: The higher students believe their financial literacy to be, the less anxious they are about post-college life.*

To address our second hypothesis, we asked current students two sets of questions, one that evaluated students' perceived financial literacy and the other evaluated their level of worry about life after college. Questions that explored perceived financial literacy asked students to evaluate how much they thought they knew about a variety of financial topics such as: "financing the purchase of a car", "starting salaries for entry level jobs", "interest rates for savings accounts", and "personal



income tax rates". In order to evaluate the other variable in our second hypothesis we asked students to respond to statements like "I worry about living on my own", "I worry about figuring out taxes", and "I feel confident about using a budget". We combined the results into two indices that created a score for perceived financial literacy and a score for post-college worry. With these indices, the higher scores indicated a stronger belief that respondents were financially knowledgeable and that they worried more about post-college life.

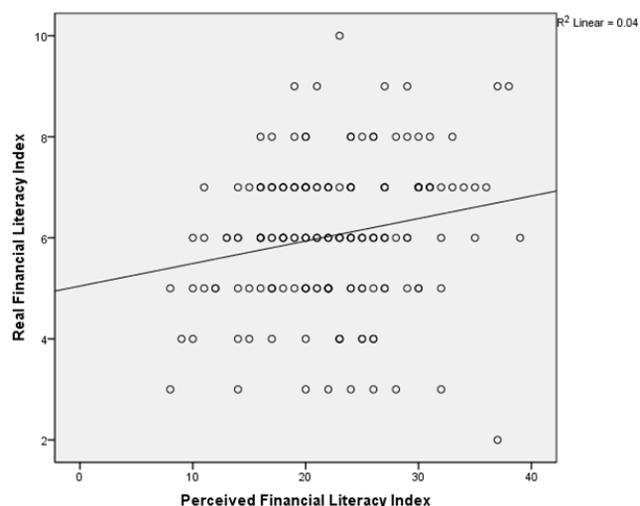
We then calculated a Pearson correlation coefficient for the relationship between PFL and Worry about Post-College Life (WPC) and found a moderate negative correlation ( $r(178) = -0.427, p < 0.001$ ), indicating a significant linear relationship between the two variables. This meant that our hypothesis was supported--the higher one's PFL, the lower their WPC tended to be.

## EXTRA ANALYSIS

We also conducted a Pearson correlation coefficient for the relationship between RFL and PRF and found a slight positive correlation ( $r(178) = .201, p = .007$ ), indicating a linear relationship between the two variables.

## DISCUSSION

Our results concerning students' real financial literacy and perceived financial



literacy provide an understanding of students' post-college career plans and responsibilities. To begin, our data supports our first hypothesis meaning that students with high financial literacy are more likely to understand their personal post-college financial responsibilities. Significant data was determined from both variables with a strong p-value which means we are confident that our results were not due to chance. Despite the positive correlation between these two variables, the relationship that we discovered was relatively weak. We attempted to see if this finding had a stronger relationship depending on class year or postgraduate plans, yet respective ANOVA and independent samples T-tests express no statistical significance with these variables.

Our supported data implies that students could increase their level of financial literacy in order to have a better understanding of post-college responsibilities such as career planning. From Mandel and Klein (2007), an important attribute to career planning is financial literacy which focuses on goal analysis. Many students do not understand the relevance behind financial knowledge and its application towards reaching specific career goals (Mandel et al. 2007:113).

Hypothesis 2 is supported by our data because college students who scored higher on our Perceived Financial Literacy (PFL) Index scored lower on our Worry about Post-College life (WPC) Index. Students who believe that they know more about financial matters report that they do not feel as much worry about post-college life than those who said they don't believe they have high financial literacy. Our team was happy to see that our hypothesis was supported because that implies that college students may understand that lacking knowledge of financial topics can negatively impact their future. This awareness may contribute to higher levels of worry in students who have low financial literacy levels. For example, students may recognize, without having to do their own research, that among other things, low financial literacy is correlated to low levels of income (Lusardi and Tufano 2009) and getting tricked into bad financial decisions (Lyons 2004). If students believe they are more educated about financial literacy, then they may have a smoother, less stressful, transition into the "real world" after graduation.

We feel that our results are important to college administrators because similar to Cull & Whitton (2011), we believe colleges should educate their students on how to confidently handle school loan debt. We think any form of additional financial literacy education could benefit the student body. If there are more financial education resources and events on college campuses, students may think about their level of financial literacy more frequently. For those who believe their financial literacy level is low, their higher likelihood of worry about post-graduate life may lead these students to participate in educational events. Prior research found that recent college graduates are very motivated to learn about financial literacy because it applies to their everyday lives (Masuo et al. 2007). It is our hope that increased opportunities for learning during the college years will motivate students to seek out financial education opportunities sooner rather than later. For additional information on this topic, researchers might find it applicable to compare the relationship between a person's perceived financial literacy level and their real financial literacy level.

## CONCLUSION

Our research was centered on undergraduate students' financial literacy and their perceptions of post-college life. During our research, we hoped to find a correlation between students' real financial literacy and their perceived financial literacy for our first hypothesis. Concerning our second hypothesis we hoped to see that there was a correlation that students who had a high financial literacy level would also be less anxious about post-college life. In our research we found a slight positive correlation between our variables of real financial literacy and understanding of post-college responsibilities. We also found a moderate negative correlation between our variables of perceived financial literacy and worry about post-college life.

Conducting this study within the course of a semester, we had a number of limitations that we dealt with. This included the amount of time we could spend on the analysis of our data. We were also limited in the number of questions we could ask on the survey because we shared survey space with another group in our research methods class. Our sample was constrained by a small sample size and a low response rate. Due to a gender imbalance between the percentage of female respondents and male respondents, we are unsure if our results would have been different if we would have had equal number of men and women taking the survey. This further hindered our results analysis.

With our research in mind, we recommend universities and colleges to create specific and required courses to increase student financial literacy. This will multilaterally increase confidence and better prepare students for understanding what financial responsibilities life after college presents. This could translate into a higher employment and job retention rate. We also suggest that education programs include personal goal components in order to keep students

engaged in the information they are learning (Mandell and Klein 2007). Further increasing the knowledge on this topic, researchers might want to perform a study with an emphasis on college seniors rather than combining all class years' financial literacy. This will ultimately explore knowledge of financial literacy and post-college plans right before they enter the 'real world'.

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