WHY IS MONEY MANAGEMENT EDUCATION IMPORTANT FOR STUDENTS?

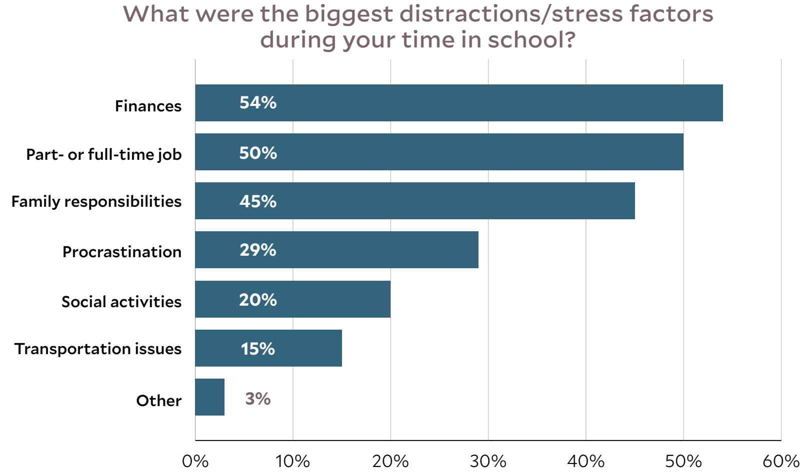
Student financial wellness has become a hot topic in higher education. Financial literacy programs can take some effort, but this type of programming is incredibly important to student success.

Here are three reasons why money management education is needed for students:

1. INADEQUATE MONEY MANAGEMENT SKILLS CAN LEAD TO LOW RETENTION RATES

Financial stress is one of the top reasons students drop out of school according to Organizational Behavior and Human Decision Processes. This is especially true for first-generation students; 30 percent drop out of school within three years. These students tend to have less money for education and lack the advice and support of family members with higher education experience.

In our 2017 survey, 54 percent of former college students said finances were a major source of stress in their lives during their time in school. Additionally, half of the students reported that having a job was a distraction or source of stress. Employment is likely one aspect of the same challenge: maintaining financial wellness while pursuing an education.



In the 2018 National Freshman Motivation to Complete College report, Ruffalo Noel Levitz reported that:

- Less than half of students feel they have the financial resources needed to complete their education, and that figure drops to 36.4 percent for first-generation students.
- More than a quarter of the students in the report agreed that they have financial problems that are distracting.
- 20.3 percent indicated they were in a bad financial position and the pressure to earn extra money would interfere with school.

Students can't be expected to perform at their highest level when dealing with these types of stress.

ONLY 48.8%

OF STUDENTS FEEL THEY HAVE THE FINANCIAL RESOURCES NEEDED TO COMPLETE THEIR EDUCATION

$37,000

CLASS OF 2017 AVERAGE STUDENT LOAN DEBT

50%

OF FIRST-YEAR STUDENTS SERIOUSLY UNDERESTIMATE HOW MUCH STUDENT LOAN DEBT THEY HAVE

2. STUDENTS NEED TO ESTABLISH GOOD FINANCIAL HABITS TO AVOID LOAN DEFAULT

Graduates of the class of 2017 have to pay back, on average, more than $37,000 in student loans. More than 71 percent of bachelor's degree recipients graduated with a student loan, compared with less than 50 percent 20 years ago, and about 64 percent 10 years ago.

Unfortunately, it appears that students are not well-versed on student loans and the overall cost of college. The National Association of Student Financial Associations (NASFAA) reported that 65 percent of high-debt student loan borrowers were surprised or misunderstood aspects of their loans or the borrowing process.

Education around student loans and repayment makes students more aware of what they owe and their options for successfully paying it back. Education also increases engagement, as these are new financial management responsibilities that are immediately applicable to their personal lives. Topics such as budgeting, credit scores and debt management help students borrow less, making them likely to be able to afford those loan payments.

3. FINANCIAL HARDSHIPS ARE STRESSFUL FOR STUDENTS AND CAN IMPACT THEIR FUTURE SUCCESS

Financial stress caused by student debt follows students into their post-college years. According to a Student Success Survey commissioned by Student Connections, 55 percent of all respondents reported that financial factors were an impediment to their success after school.

Many students put off buying a car, getting married and 30 buying a home due to student loan debt. Developing good money management skills is an important part of setting students up for success during and after school.

SO HOW CAN YOU AS THE INSTITUTION HELP?

Financial literacy efforts need to be a campus-wide initiative and would be better served with their own structure or owned by a cross-functional task force. Here are some reasons why:

- In July 2016, Fortune Magazine reported results from the National Capability Study that found nearly two-thirds of Americans can't pass a basic test of financial literacy. This includes information on how to calculate interest payments and basic questions about financial risk. It's not just financial aid recipients who would benefit from a comprehensive financial education program. All members of the campus community can use this help.

- COHEAO's Financial Literacy Awareness White Paper states that "Financial Literacy programs do not necessarily fit exclusively within the mission of any single department or division." The authors suggest that a wide net of potential stakeholders and advocates will enhance the probability of launching and sustaining a program. Representatives from offices such as academic deans, advisors, bursars, career services, enrollment management, admissions, first-year experience, alumni relations, and financial aid have similar interests in ensuring students develop money management skills. Including students in your planning efforts will help increase engagement.

- Anecdotally, higher education administrators repeatedly tell us that information delivered in the classroom carries more weight with students than information from workshops or administration-led efforts. It makes sense that faculty are better equipped to bring innovative pedagogical methods to bear on financial literacy topics. Perhaps students take it more seriously if money management education is part of their coursework. Maybe it is related to the ability to apply theoretical concepts to real life situations.

So, while financial aid administrators must be key players in developing and delivering money management education, the odds for a successful effort are greater when that education is developed and delivered by a campus-wide coalition of faculty, administrators and even students.

INTRODUCING WHICHWAY FINANCIAL EDUCATION APP

Whether your focus is on lowering default rates, increasing retention and graduation rates or simply ensuring your students are best prepared for life after college, WhichWay® can help. The app provides you a student-centric solution for empowering students with the nonacademic skills critical to overcoming barriers to success.

- Interactive modules and multi-platform delivery ensures information is available where and when students need it.
- Frees up resources administrators can use to focus on core academic priorities and missions.
- Engaging content delivered in the format most meaningful to students.
- Advisory boards of students and leading academic experts from around the country helped shape development and ensure continuous improvement.
- WhichWay combines decades of experience in designing student success curricula with game-changing insight and technology.

WHICHWAY APP FEATURES

- Lessons teach relevant skills in bite-sized pieces for easy learning.
- Activities provide safe place to test out newly learned skills.
- Quizzes give learner a way to test their knowledge.
- Reports include user-level registration, completion and quiz data.
- Mobile app delivery provides students the information they need in the way they want to receive it.
- Easily segment your rollout by target audience (i.e. first-year students, loan borrowers, etc.).

If you're interested in financial education resource that meets the needs of students, contact us today. Our proactive approach can help whether your focus is on lowering default rates, improving student engagement, or ensuring your students are getting the most out of their college experience.

To start your trial and test-drive the app, contact Student Connections.

Student Connections: (800) 766-0084 | www.studentconnections.org/WW

Student Connections, a Loan Science company, is passionate about helping students overcome the barriers that can get in the way of attending college, completing their programs of study and achieving success while in school and after graduation.

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