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Financial Wellness and Undergraduate Students

Kristin O'Donovan

Abstract: Liberal arts universities often include a core curriculum within the education provided to students. This core curriculum includes a variety of topics apart from a student's major aimed at delivering a well-rounded education. However, one major topic seems to be missing from the core curriculum of many universities across the country—finance. Due to the challenging financial environment that students face and the impact financial decisions have on overall wellness, universities should include financial wellness education in their core curriculum.

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Every year, young adults around the country attend college to prepare for a better future. In addition to completing courses for their respective major, many students take courses from a core curriculum that aims to develop well-rounded individuals. These courses include areas of study such as the fine arts, liberal arts and sciences, physical education, community service requirements, public speaking, writing, and more. However, there is an apparent gap in the 'well rounded' core curriculum of many academic institutions—financial education. Students lacking financial knowledge may graduate unprepared to face the financial challenges ahead of them, which can lead to serious repercussions that affect overall wellness.

Finance is an important factor in health and wellness, especially among undergraduate students. Students report anxiety, due to a number of stressors, as a major reason to seek counseling across college campuses. In the Student Stress Survey conducted at a mid-sized Midwestern university, 71% of participants reported financial difficulties as a stressor.¹ A holistic wellness assessment for young adults found that, "many students are naïve to the psychological costs of high debt, which leads to stress and decreased well-being."² Despite strong mental health and overall wellness implications, traditional wellness models on college campuses do not include financial wellness.² The holistic wellness assessment found a need for financial wellness to be addressed among college students as an aspect of overall wellness, including "areas of money management, financial attitude, and behaviors."²

In addition to wellness, college students' financial decisions can affect a variety of areas. Although it may seem like an obvious implication, many students may be unaware of the impact current financial decisions will have on future finances.³ Research has also found that a student's financial situation may affect his or her academic performance.³ The ramifications of poor financial management even extend to a student's ability to find a job after graduation.³ Yet most immediately, financial decisions can affect a student's ability to graduate. According to Indiana University, more students leave the institution due to debt and credits than due to academic failure.⁴ The serious consequences of financial decisions further demonstrates the importance of financial wellness education among college students.

The current financial landscape among undergraduate students presents a number of unique complications. College students seem to face increased financial responsibility without the increased knowledge to match it. A multi-state survey conducted at a variety of universities found that out of the 76% of undergraduate students who have credit cards, only 21% of those students pay their credit cards off in full each month.³ Many students are faced with loans and other expenses, including textbooks and costs of living away from home. The survey found that, along with increased expenses, students may "have less money in college than ever before [in their lifetime]."³ Another study also suggests that undergraduate students are vulnerable to the aggressive marketing of financial institutions.⁴ All of these challenges contribute to a unique financial landscape and increased need for financial education among college students.

In order to have improved financial wellness, students need financial literacy. Peter Dunn, a financial planner, explained that while financial wellness is important for the working population, financial literacy is "more important for students."⁵ Financial literacy is defined as,

the ability to read, analyze, manage, and communicate about the personal financial conditions that affect material well-being. It includes the ability to discern financial choices, discuss money and financial issues..., plan for the future, and respond competently to life events that affect everyday financial decisions...³

Students should learn financial literacy as a combination of skills, resources, and knowledge, which could be provided by a core curriculum course for all students.³ Dunn also explained that financial literacy is not necessarily purely technical in nature. He believes financial practices are largely behavioral, and financial literacy should therefore be taught from a psychological perspective to increase value among undergraduate students.⁵

So how can academic institutions improve financial literacy among students? They should first implement financial literacy as a core curriculum requirement for graduation to help

ensure that students develop a basic level of financial literacy. This requirement could prevent some of the negative implications associated with poor financial decisions in an increasingly challenging financial landscape. Dr Thomas Stuhldreher, a retired finance professor from Clarion University of Pennsylvania, agrees that basic financial knowledge is important for all students regardless of their declared major.⁶ When asked to develop a “crash course” in personal finance for a number of students, Dr Stuhldreher found the following concepts important to include: risk vs return, time value of money, credit cards, student loans, retirement, and how to invest.⁶ Peter Dunn also felt it was important that students learn important markers for financial success.⁵ He suggests that growing net worth may be more indicative of financial well-being than the popular credit score measure.⁵

A course on financial wellness can be delivered to students through one or more of the following methods: online resources, traditional classes, and counseling services provided through the campus health or counseling center. A survey on student interest in these delivery methods found that 91% of students believed some type of financial services or education should be provided; however, there are mixed ideas about the best way to deliver this information.⁸ The survey found that students are especially receptive to online resources but wanted all three methods available.⁸ Peter Dunn claims that from his professional experience, education provided face-to-face leads to the best results, although the order in which information is learned seems to be more important than the delivery method itself.⁵ Therefore, a traditional in-person classroom requirement would likely benefit students the most, yet counseling services and online resources should be available as additional resources for students.

Personal finance is a relatively new discipline, so there is not a clear or standardized curriculum in place for these courses.¹⁰ A review on personal finance education in U.S. colleges found that personal finance instructors often come from numerous fields, including business, math, economics, science, and more. Despite the variety of backgrounds, the review examined syllabi from various institutions and found that the same major topics were covered. These topics can be broken into the three main categories of cash management, risk management, and wealth accumulation. Guest speakers and multiple educational resources, such as textbooks, online tutorials and simulations, are frequently used in conjunction to solidify concepts.¹⁰

While the personal finance educators interviewed for this review had differing opinions on *how* to teach the subject, their common beliefs were found to boil down to four important qualities in personal finance education: “courses must strive to be relevant, personalized, and engaging, and must have attainable goals.”¹⁰ These collective findings should be the foundation for developing a personal finance curriculum as a core college education requirement. This type of course is important because financial wellness affects every student during college and post-graduation, yet there is a lack of education provided in most academic systems today. This problem could be overcome with

a core curriculum course that provides students with the financial literacy necessary to prevent the negative implications associated with poor financial decisions. Such a course would prepare graduates to enter adulthood and make better financial decisions, but it would also have positive effects on the overall wellness for students while they work to complete their degrees.

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