

## Exploring the Relationship between Financial Behaviors and Financial Distress/Financial Well-Being of College Students

Zeynep Copur, University of Florida<sup>1</sup>  
 Michael Gutter University of Florida<sup>2</sup>  
 Joseph Eisen, University of Wisconsin<sup>3</sup>  
 Wendy Way, University of Wisconsin<sup>4</sup>

The purpose of this study is to examine the relationship between financial behaviors and financial distress/financial well-being of college students from varying financial education mandates. We want to examine factors that influence those three financial behaviors matters in various aspects of college students' financial distress/financial well-being. Thus, the guiding research questions are: 1) What is the extent of financial distress/financial well-being of college students? 2) How do socioeconomic characteristics and financial behaviors influence financial distress/financial well-being? 3) How are financial distress/financial well-being related college students' financial behaviors? In examining the literature on determinants of financial wellness, several relationships were identified for the adult population. However, while the variables are of interest as controls for this reason, the nature of the relationships may differ for this population. Thus specific relationships for the controls are not proposed. Thus, we propose several hypotheses:

H1. Financial distress/financial well-being vary according to gender, age, race, school rank, marital status, work status, work hours of college students.

H2. Financial distress/financial well-being vary according to income, net worth, Pell grant, students loans, independence from parents of college students,

H3. Students reporting a greater number of positive financial behaviors should have higher level of financial well-being or lower levels of financial distress.

Data was collected during spring of 2008 using a web survey of college students throughout the United States. The sample was limited to currently enrolled college students age 18 and over. The final sample was 6,516 students due to incompletes. The study involved college students' demographic variables such as age, race, gender, education, marital status, working experience; financial variables such as income, net worth, independence from parents, parental financial status, Pell grant, students loans; financial behaviors such as cash and credit management, wealth accumulation, and risk management, and recent uses of the InCharge Financial Distress/Financial Well-Being Scale improved by Prawitz, Garman, Sorhaindo, O'Neill, Kim, & Derentea, 2006. Our overall findings suggest a strong link between prudent financial behaviors, demographics, and financial well being of college students. This study confirms the relationship between financial behavior and financial well being for college students. Given the level of financial distress among students, financial education outreach on college campuses continues to be an important initiative. Further research can confirm these relationships within a multivariate context to determine the role of financial education as a mediating variable.

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### References

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### Endnotes

<sup>1</sup>Zeynep Copur, Assoc. Prof., Department of Family and Consumer Science, Hacettepe University-Ankara, Turkey. Visiting Scholar, UF, Gainesville, FL. zcopur@gmail.com

<sup>2</sup>Michael Gutter, Assist. Prof., Department of Family, Youth and Community Sciences, University of Florida-Gainesville, FL. msgutter@uf.edu

<sup>3</sup>Joseph Eisen, Doctoral Student, Department of Consumer Behavior and Family Economics, University of Wisconsin-Madison

<sup>4</sup>Wendy Way, Assoc. Dean, School of Human Ecology, University of Wisconsin-Madison