# Financial Wellness for a **Lifetime**

## Educating Students on Money Management

BY JAVAUNE ADAMS-GASTON AND STEPHANIE GORDON

One of our greatest missions in higher education is to prepare students for life after graduation. We instruct, develop, and nurture students to become productive citizens of our global society. In the field of student affairs, we recognize that this learning occurs both inside and outside the classroom.

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One area where this need for additional learning is glaringly apparent is financial wellness. Students say their finances are a significant source of stress in their lives, and significant numbers of students report that their financial situations impact their grades and even threaten their ability to remain in school.

While student loan debt receives the bulk of the attention in discussions of student finances, it is important to remember that students also manage many other living expenses that are a part of adult life: housing, groceries, books and supplies, social events, and more.

## FINANCIAL LITERACY AND STRESS

Student financial literacy and stress are topics that frequently arise. Student affairs professionals often hear about the struggles that students and their families face when trying to pay for college. Students often talk openly about their finances from working full time to help pay for educational expenses to struggling semester-to-semester to cobbling together a combination of scholarships, loans, and grants to pay for school. In addition, national trends show an increase in growth of student loan debt. These trends affect students across the socioeconomic spectrum; financial struggles are no longer limited to low-income students, although there is no shortage of struggle among those students.

Student affairs professionals are often confronted with the need either to have discussions with students about their finances or to help students navigate the university to get the financial answers they need. Financial wellness goes beyond the dollars and cents of tuition bills or loan amounts; financial wellness is a much broader concept that includes how students pay for college as well as their attitudes, behaviors, and knowledge of finances. Being financially well means that a student is fully aware of his or her financial state, and the student is budgeting, saving, and managing finances to achieve realistic goals.

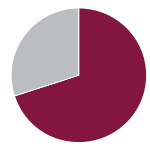
## DATA SUPPORT NEED FOR EDUCATION

There are strong data to support the need for education on financial wellness. The Study on Collegiate Financial Wellness (SCFW), a multi-institutional survey examining the financial attitudes, practices, and knowledge of college students from institutions nationwide, is administered by The Ohio State University's Center for the Study of Student Life.

The online survey questions students about their financial wellness, including their financial behaviors, socialization, help seeking, self-efficacy, knowledge, decision making, and specifics about how they pay for school. The goal of the study is to provide campuses with actionable data about their students' financial wellness as well as contribute to literature on the topic.

During the 2015–2016 academic year, 52 institutions from across the United States and Canada participated in the survey, including community colleges and four-year public and private colleges and universities. More than 18,000 students responded. (The survey will be administered again this academic year with more than 100 institutions participating.) The results were eye-opening.

Seventy percent of students who responded to the SCFW listed finances as a major stressor in their lives. From that same study, we learned that students increasingly view finances as an obstacle to graduation. Nearly 60 percent of all students agreed that they worry about having enough money to pay for school; students at two-year public institutions were more likely (65.5 percent) to agree with this concern. In addition, data from the 2013 American College Health Association National College Health Assessment found that 35 percent of students nationally reported their finances were traumatic or difficult to handle in the last year.



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While financial wellness is important at any age, it seems to be an especially urgent issue for the millennial generation. Another research project conducted by Ohio State found that this age cohort is taking on greater credit card debt and paying it back more slowly than previous generations. The study's authors predict that many of today's young people will be paying off credit card debt into their retirement years.

## MAKING FINANCIAL DECISIONS ALONE

These are alarming statistics. They paint a picture of significant numbers of students whose very education is threatened by concerns over finances. This is not the future we want for our students, nor is it the future we want for society. It is imperative that we provide students with the tools to understand and manage their money.

Yet students do not always seek help. It is safe to say every college campus has a financial aid office with counselors and advisors who are ready and willing to meet with students. However, students are not always as ready and willing to engage with financial aid staff. The SCFW found only 23 percent of students had met with a financial aid counselor during college. Furthermore, many students are not seeking help from any source when it comes to finances; 57 percent of students surveyed indicated that they make decisions alone about how much money they will need to borrow for the school year. In addition, 28 percent of student respondents reported they borrow the maximum amount in their aid package, regardless of the amount.

Research from The George Washington University Global Financial Literacy Excellence Center (GFLEC) notes that only about 27 percent of millennials sought financial advice from a professional on savings and investments in the last five years, and only 12 percent asked for tips on how to manage their debt. GFLEC also found that a significant portion of college-educated millennials (80 percent) carry at least one type of long-term debt, and less than 10 percent demonstrate a high level of financial literacy.

Most students do not come to colleges and universities armed with the financial knowledge they need. Only 17 states require a finance course for high school graduation. Of those, only seven states assess students' understanding of the concepts, according to the Council for Economic Education's 2016 survey.

## NONTRADITIONAL STUDENTS MAY CARRY GREATER DEBT

It is also important to consider that "traditional" students are becoming less common. Historically, college and university students came to campus directly from high school and were financially dependent on their parents. However, this is not representative of a large proportion of students today. According to the National Center for Education Statistics, there were approximately 32 million 18- to 24-year-olds enrolled in higher education institutions in the United States in 2013, and an additional 12 million students aged 25 or older. Forty-one percent of the SCFW sample was not financially dependent on a parent or guardian, 28 percent were aged 24 or older, 21 percent lived with a spouse or partner, and 14 percent were financially responsible for children. For these students, the cost of college is compounded by other costs for family expenses, child care, or health insurance. In addition, many of these individuals may experience a loss of income while enrolled in school. Student affairs leaders must be careful to avoid making assumptions about students and their living expenses. The ability to pay for school may be predicated on first paying for critical expenses such as child care or health insurance.

## FINANCIAL WELLNESS PEER-TO-PEER PROGRAMS

Despite the stress they report feeling, almost 70 percent of SCFW respondents are optimistic about their financial futures, and 79 percent believe the cost of college is a good investment for their financial future. It is heartening to learn that students are optimistic about their finances and their futures.

As student affairs professionals, understanding and supporting students' financial wellness is part of educating the whole student. For many years, colleges and universities have engaged students in a traditional wellness paradigm, focusing on emotional, physical, social, and spiritual health. Given the increased focus on student finances and growing attention on the value and return on investment from higher education, student affairs and other campus professionals must have a stronger understanding of the micro-level financial concerns that students experience and recognize how student affairs work affects students' financial situations. While it is impossible, and certainly not fair, to ask every student affairs professional to become a financial counselor, we must acknowledge the role that finances play in student success and wellness.

Student affairs professionals are making progress. Financial wellness education is more often included in formal programming efforts. Through online courses, embedded programming, and highly successful peer-to-peer coaching, schools increasingly recognize that issues of personal finance are crucial to student success and retention efforts. Some institutions have even decided to include personal finance as a general education requirement. Efforts to engage students in setting realistic goals, creating saving and investing strategies, and understanding credit card debt are now infused into many parts of campus life.

Ohio State has been at the forefront of training students to serve as financial coaches who can assist their peers in understanding how to manage their money. Peer-to-peer education has proven to be successful in a number of areas, and Ohio State's Scarlet and Gray Financial program has been cited as a best practice by the U. S. Department of Education. It has been benchmarked by more than 100 institutions, and is one of the nation's largest programs in terms of the number of coaches and clients. Demand for individual peer-counseling sessions at Ohio State increased from 220 just three years ago to an estimated 1,600 in the most recent academic year.

Offered through the Office of Student Life, this program allows trained student coaches to meet one-on-one with undergraduate, graduate, and continuing education students. These coaching sessions allow students to establish goals, understand their current financial standing, and work to develop a financial plan for their time at Ohio State and beyond. Scarlet and Gray Financial is offered to all students and is a required component of the university's Second-Year Transformational Experience Program.

Indiana University (IU) has a similar program housed within its finance area. The IU MoneySmarts Team was established in 2012 to engage peer-to-peer coaches who can help students gain an overall understanding of their finances, including budgeting, saving, borrowing, debt, building and establishing credit, identity theft, student loan repayment, and preparing for graduation and employment. The MoneySmarts team empowers students with knowledge to help them develop competencies to deal with financial challenges.

## TIMING IS EVERYTHING

The timing of these programs is critical. Over the last decade, the national educational debt has risen dramatically along with the cost of higher education and the number of individuals attending colleges and universities. The SCFW reports that 64 percent of student respondents used loans to pay for school, and more than 20 percent of students thought they will have $50,000 or more to repay after graduation. While most students (67.8 percent) remembered their student loan entrance counseling, 20 percent of students felt it was not helpful and only 50 percent of students reported it helped them understand the general terms of their loans.

These findings suggest that entrance counseling may need to be revamped to give students the information they need in a digestible and memorable way. One effective strategy: Require students to meet with a financial aid counselor or financial coach prior to taking out a loan any time during their college careers and discuss the terms and repayment costs at that time. This type of "just-in-time" counseling, prior to making loan decisions, could be effective in helping students make the right decisions.

Financial wellness education must be a universitywide initiative. At Ohio State, for example, a number of units partner to support student financial wellness, including the Office of Student Life's Student Wellness Center, Student Advocacy Center and Counseling and Consultation; Student Legal Services; and the Bursar's Office. No one unit can be expected to shoulder the entire load of supporting students in this area.

While many college and university financial aid offices are staffed with knowledgeable staff members who can explain the student loan process, it is not reasonable to expect them to address financial questions that go beyond the aid process. Academic advisors may learn of a student's financial concerns through conversations about selecting classes and need to be aware of financial wellness services so they can refer students appropriately. Physical and mental health professionals may continually see a student for persistent colds or depression and, by asking a few simple questions about non-physical/emotional anxieties, might reveal the financial stress a student is feeling. Career counselors need to understand that employers often check credit reports of students as they begin applying for jobs, so students must be made aware of their credit scores and how their finances can ruin their chances of getting their dream jobs.

## Dollars and Sense

### Programs That Teach Financial Literacy

**Ohio State University Center for the Study of Student Life**
cfw.osu.edu/study-on-collegiate-financial-wellness

**George Washington Financial Literacy Excellence Center**
gflec.org

**Champlain College Center for Financial Literacy**
www.champlain.edu/centers-of-excellence/center-for-financial-literacy

**Indiana University Money Smarts**
moneysmarts.iu.edu

**Kansas State University Powercat Financial Counseling**
www.k-state.edu/pfc

**Ohio State University Student Wellness Center Financial Education and Coaching**
swc.osu.edu/services/financial-education-and-coaching

**Sam Houston State University Student Money Management Center**
www.shsu.edu/dept/smmc

**Tyler Junior College Good Cents Financial Literacy**
www.tjc.edu/info/2004349/good_cents_financial_literacy

**University of Missouri Office for Financial Success**
ofsmizzou.org

**University of North Texas Student Money Management Center**
studentaffairs.unt.edu/student-money-management-center

## THE ROLE OF STUDENT AFFAIRS

Campuswide education on financial wellness takes coordination and collaboration. Student affairs educators are in an excellent position to help infuse financial literacy throughout the cocurriculum. A holistic approach to this topic helps students understand that money management is connected to all aspects of their collegiate experience. Creating multiple layers of interventions can provide a safety net for students and contribute to shifting student attitudes and behaviors.

Students often rely on multiple sources of funding, and financial aid can change semester to semester. The complex and fluid nature of student finances can lead to important conversations in higher education institutions about financial aid policies, including how to provide students with aid packages that can be sustained over an entire degree program, how to support individuals who are enrolled in school for more than the expected time to degree (which may lead to a loss of financial aid), and how to help students when financial circumstances change. There are also critical conversations student affairs professionals must have, including what is the profession's role in helping students to manage their expenses, how do we help students be more mindful and realistic about their financial future and future education financing, and, most importantly, how can we identify resources to help students manage financial crises as they arise, whether it is a one-time event or a systemic issue.

Building a culture of financial literacy takes time. A student's personal experiences can significantly impact his or her sense of financial well-being, and many high school students do not have financial literacy skills upon entering college. Therefore, college and university educators often face an uphill battle when managing financial literacy. The process needs to begin when a student is accepted to an institution and should continue through the student's alumni experience. Student affairs professionals can contribute to students' understanding of finances, budgets, investments, and taxes, which can lead to healthier, less stressed students, increased retention rates, improved academic success, and, hopefully, increased alumni giving over a lifetime. Student affairs administrators must remember that the knowledge we impart today will impact financial decisions throughout students' lifetimes. LE

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# Beware the **Third Party**

BY MARK ST. LOUIS

As a student affairs administrator, you regularly engage third parties on a variety of issues, including vendors vying for a contract, community members inquiring about using campus space, students who violated campus policy, frustrated parents, and spurned job candidates, to mention a few. Often you work with these third parties directly on your own, while other times, for any number of reasons, it makes more sense to enlist the services of your institution's legal counsel. In making that decision, there are strengths and weaknesses to consider. Among other things, there are rules of professional ethics that lawyers must follow that affect the manner in which counsel is able to work with you and the third party.

"Essentially, while your counsel is required to put the interests of the institution first, that **does not mean that university counsel can disregard the rights of third parties.**"

## The Whole Truth and Nothing But the Truth

Attorneys are prohibited from knowingly "making false statement of material fact or law to a third person" or failing "to disclose a material fact to a third person when disclosure is necessary to avoid assisting a criminal or fraudulent act by a client," according to the American Bar Association (ABA) Model Rules of Professional Conduct. Keep in mind that if your counsel is representing you or your institution and engaging third parties on your behalf, your counsel may have an ethical obligation to correct inaccurate statements that you make, rather than incorporating your statement into their communications with third parties. This also applies to partial truths, which could be considered misleading. Additionally, be careful making statements such as "not to my knowledge." If evidence shows that you did, in fact, have knowledge then counsel may need to correct it, and/or it could potentially become the basis for a claim of fraud or breach.

## Represented and Unrepresented Third Parties

If an attorney knows a third party has legal representation, that attorney cannot communicate about any case or situation he or she represents unless the third party's lawyer consents or the communication is allowed by law or court order. In fact, if an attorney finds out that a third party has legal representation after communication begins with that third party, then counsel must immediately terminate the communication.

So what does that mean for you? In a nutshell, you can typically speak to anyone you choose, including directly with a third party, such as an unhappy parent, instead of communicating through the third party's attorney. Your counsel can provide you with advice, but without the consent of the parent's attorney, your counsel cannot represent you or communicate directly with the parent on your behalf.

When counsel needs to communicate with unrepresented third parties, he or she may not state or imply disinterest in the situation. If counsel knows, or reasonably should know, that the unrepresented person misunderstands the counsel's role, then counsel must use reasonable efforts to correct the misunderstanding. For example, in the mind of a disgruntled employee, the line can blur between describing a process or explaining facts versus counsel providing information to guide the employee to action.

Counsel must communicate clearly to ensure that the third party understands the difference, and counsel should explain that he or she cannot give legal advice to the third party other than to suggest the third party secure independent counsel. In addition to being ethical, this protects counsel from later complaints to the bar association that the third party thought counsel was the third party's lawyer and counsel failed to correct that misunderstanding.

## Respect the Rights of Third Parties

Lastly, in representing a client, an attorney cannot "embarrass, delay, or burden a third person, or use methods of obtaining evidence that violate the legal rights of such a person," as described in the ABA Model Rules of Professional Conduct. Essentially, while your counsel is required to put the interests of the institution first, that does not mean that university counsel can disregard the rights of third parties.

Regardless of whether you work with your counsel on a given issue, make sure you have a frank discussion about these issues and any other concerns you may have regarding working with third parties rather than being surprised later in the game. LE

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