

2015 U.S. BANK STUDENTS AND PERSONAL FINANCE STUDY

Student Perspectives on Money and Finances

July 7, 2015

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About the study

WHY THIS STUDY IS IMPORTANT TO U.S. BANK

When young adults leave home for college, they are beginning their first real experience with independence from their parents. They are on their own for just about everything – from scheduling their day to preparing meals and finding ways to fill their free time. They are also on their own when it comes to managing their money, and that can be intimidating for students and parents.

The good news is - students are doing okay, but they need a little help with budgeting, understanding credit and skills to save for the future. In the 2015 U.S. Bank Students and Personal Finance Study, U.S. Bank set out to understand what real students are saying about their finances. What do they know? What don't they know, and who are they turning to for answers?

What we found is parents matter. Parents are the college student's primary source for financial education, either directly or by example. Students also trust their parents more than any other source, and they have great respect for how their parents have managed their own money through the years.

U.S. Bank cares about students and their parents, and through its more than 65,000 employees, works to build a future generation of financially confident adults. [U.S. Bank Financial Genius](#) and the [U.S. Bank Student Union](#) provides tools, tips, and lessons and videos that tackle some of the biggest challenges students raised in the [2015 U.S. Bank Student and Personal Finance Study](#).



About the study

BACKGROUND

U.S. Bank financial education and personal finance study monitors undergraduate college students financial knowledge, experiences, perceptions and outlook. Prior to performing this quantitative study, qualitative research via online discussion groups and on-screen interviews were held for initial insights and hypotheses generation.

METHODOLOGY

The national survey was conducted by VozLatinum Network in conjunction with Hunter Miller Research Group via an online sample. In April 2015, 1,640 part and full time students ages 18 to 30 responded to the questionnaire. An over sampling of African American, Asians, and Hispanic was included to drive into cultural differences, but weighted back to [US Census Undergraduate College Enrollment](#):

Gender:

- 42% Men
- 58% Female

Race / Ethnicity:

- 65% Non-Hispanic White/ Caucasian
- 15% Black or African American
- 14% Hispanic, Latino or Spanish
- 6% Asian, Pacific Islander or Asian Indian

Banking Status:

- 79% Banked
- 21% Unbanked



Key Findings

PARENTS

Parents are important financial role model to students

FOCUS AREAS

- **BUDGETING**
Personal finances and budgeting is a challenge for college students
- **CREDIT**
Students do not fully understand credit and credit scores
- **RETIREMENT**
Students have a good perspective on saving, but need help understanding investments and saving for retirement

KNOWLEDGE

Students are aware of some aspects of credit and savings but are misinformed about others

GENDER

Financial education is taught differently between women and men

OUTLOOK

Steady employment is the most important goal, both in the short and long term

Personal health and happiness are the measures for success

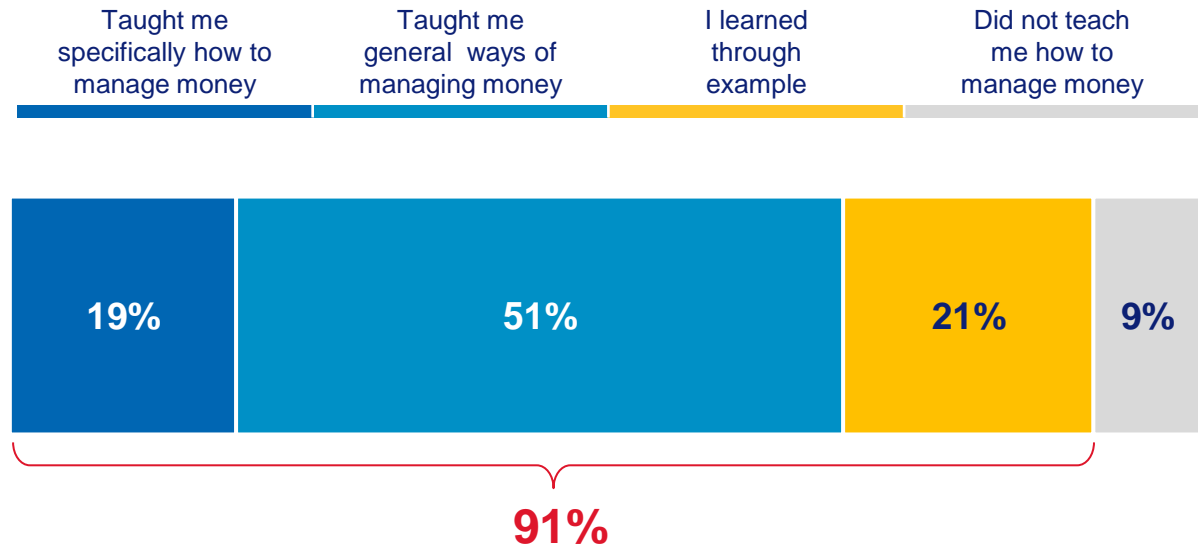


Students turn to parents for information on money management

Insight

- Students rely heavily on their parents to give guidance on financial topics.
- Overwhelmingly majority of students learn financial habits from parents directly or by example.

Did your parent(s)/guardian(s) teach you about managing money?





Parents, schools and banks are sources students trust most

Insight

- Sources students use for financial information are also the ones they trust most.
- Parents are mentioned most often as inspirational financial role models. Students wish to emulate the success demonstrated by their parents.

What are the top sources you trust most?

Parents



55%

School/academic institutions



45%

Bank branch



39%

Bank websites



37%

Other financial websites



37%



Students need more knowledge in budgeting

Insight

- Many students have a job but have very little knowledge in budgeting.
- While some student follow a budget for their spending in college, most students have a loose budget or not one at all.
- Students do not feel confident in their knowledge about money management and financial topics.



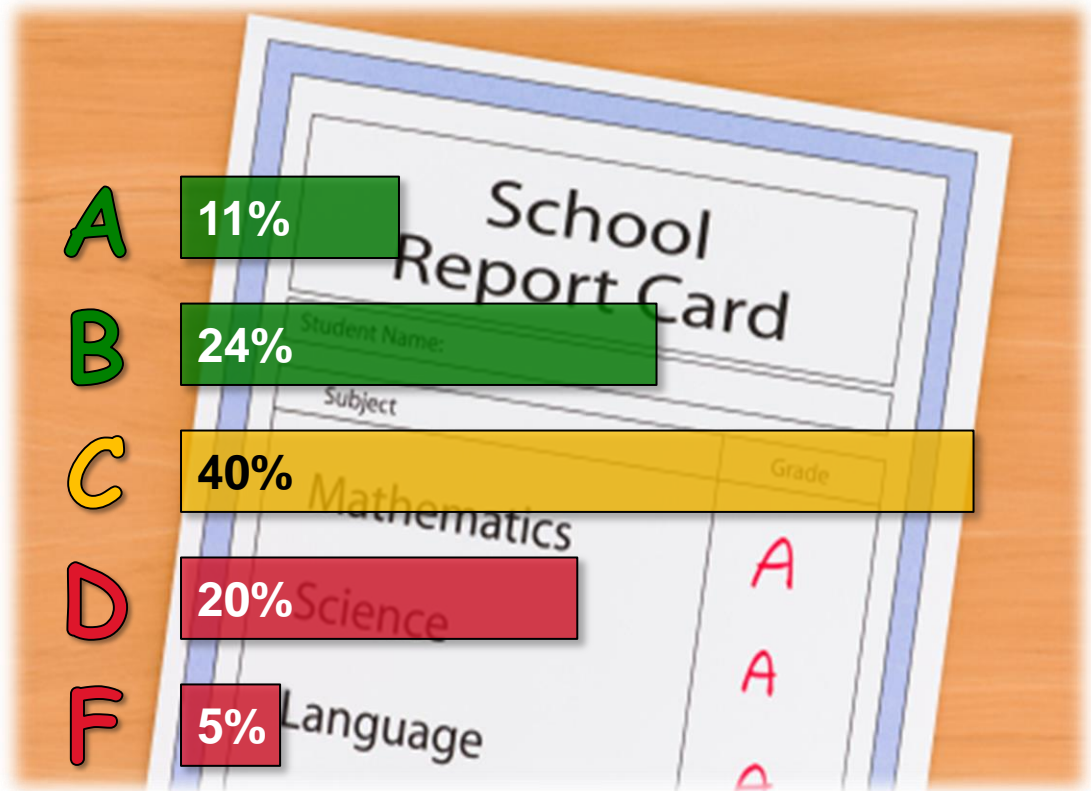


Students are not confident in their money management skills

Insight




- Students do not view themselves as very confident when it comes to money management and budgeting.
- Most students grade their parents better than themselves.
- Very few are prepared for the unexpected.

How would you grade yourself in terms of successfully managing your finances and money?





Students have misconceptions of credit and credit scores

Insight	MYTH		FACT
<ul style="list-style-type: none"> Over half of students do not check their credit score. Many students need help understanding how delinquent loans and late payments impact their credit report, as well as what activities do and don't effect a credit score. 	61%	Believe once a delinquent loan, credit card balance or bill is paid off it is removed from one's credit report	 <p>Late payments can stay on your credit report for up to 7 years</p>
	60%	Believe using checks and debit cards helps to build credit	 <p>Checks and debit card usage has no impact on one's credit score</p>
	47%	Believe a student loan co-signer will not be held accountable for paying off the loan if the student doesn't find a job	 <p>A co-signer of a student loan is equally responsible for repayment, regardless of whether or not a student is employed.</p>

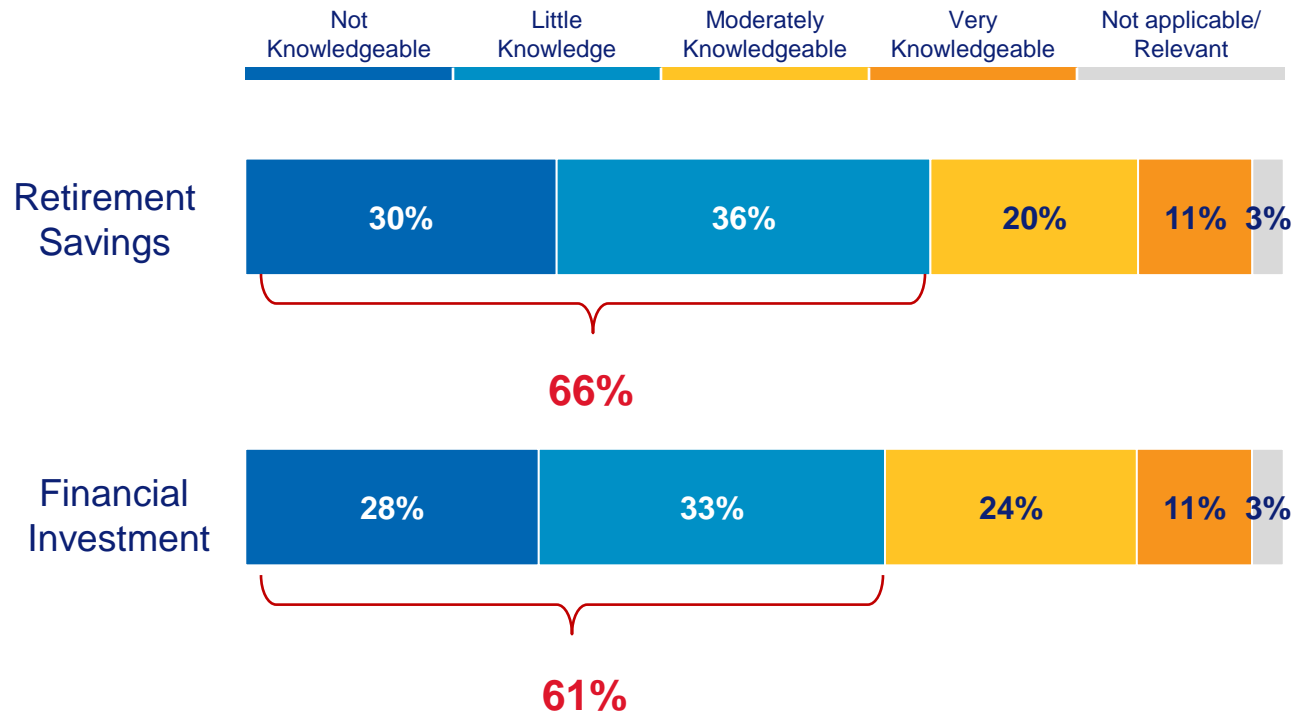


Opportunity exists to educate students on saving for the future

Insight

- Students are not thinking about retirement savings.
- Only a few students have invested in a retirement account or an investment account.

How knowledgeable are you about the following areas?





Half of students know to start saving in their 20's for retirement

Insight

- Students know they should start early saving for retirement, however very few are prepared to tackle saving for retirement.
- When asked about goals, financial investing and retirement are not on their radar.
- Students concerns are: making enough money, getting a job and paying off student loans.
- Students either can't afford to save for retirement or don't know how.

At what age do you think it is important to start saving for retirement?



51%... students say they should start saving for retirement in their 20s.



29%... students say they should start saving for retirement in their 30s.



13%... students say they should start saving for retirement 40 or after.



Students are least knowledgeable in aspects of credit and savings

Insight

- Students are least knowledgeable about credit and retirement savings.
- Areas of opportunities to educate students are: learning about what can affect your credit score, how to build credit, social security and 401K investments.

Which of the following statements would you say are true, false or not sure?

	Correct Answer	Answered Correctly
Not paying bills on time can affect your credit score	True	83%
Once a credit score is bad, it can never be rebuilt	False	75%
An emergency savings fund should cover a minimum of 3 months of living expenses	True	74%
Checking a credit report will hurt your score	False	60%
Social Security should be enough for retirement	False	57%
If one spouse has poor credit history, it can affect the other one's ability to apply for loans	True	55%
A parent co-signing a student loan is responsible for re-paying the loan, if their child doesn't have a job	False	53%
Having too many credit cards can negatively impact your credit score	True	52%
Using check(s)/debit cards can help build credit	False	40%
The amount of money you have in the bank does not affect your credit score	True	39%
Once a delinquent loan or credit card balance is paid off, the item is removed from a credit report	False	39%
401K investments can lose value, they are not guaranteed	True	37%

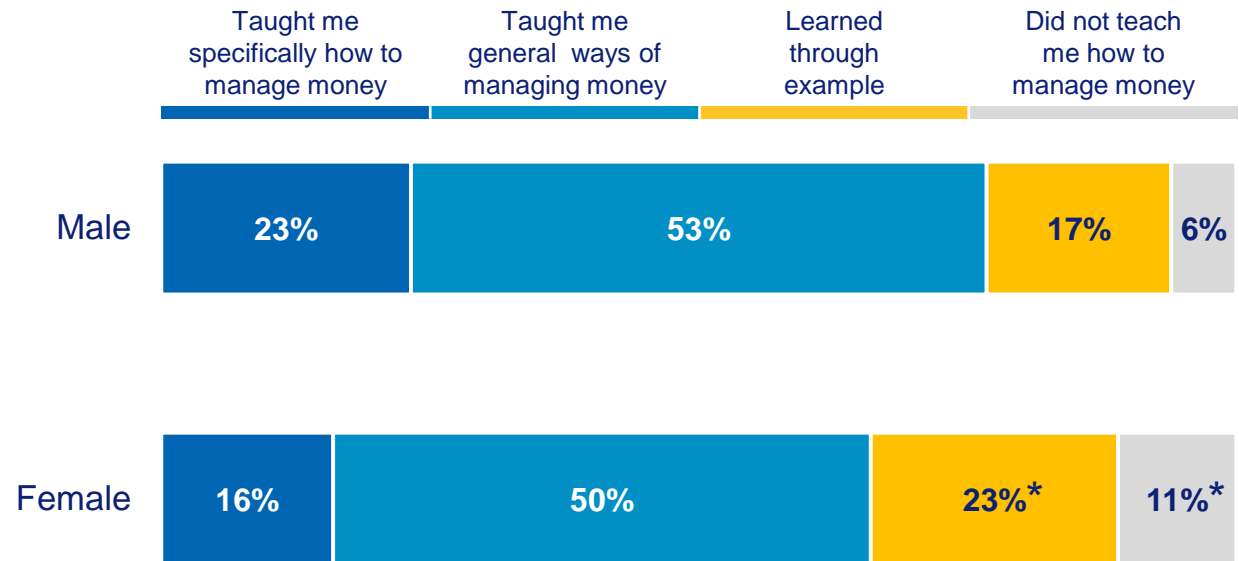


Financial education is taught differently between women and men

Insight

- Even though women are more likely to report that their parents did not teach them about managing money, they are more likely to view their parents as a resource.
- Male students feel more comfortable about the day to day personal finances than female students.

Did your parent(s)/guardian(s) teach you about managing money?



* Statistically significant at 95% confidence

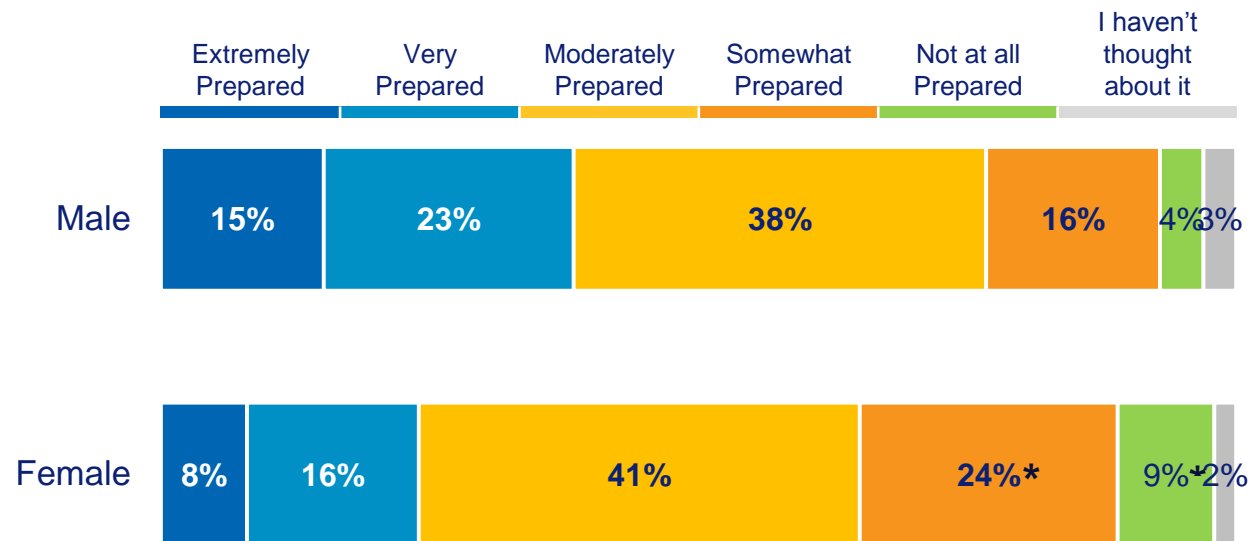


Women feel less prepared to meet their financial goals

Insight

- Men are more confident than women that they will achieve their financial goals.
- Women feel less knowledgeable than men when it comes to their financials, however, when asked about financial topics women are more informed.
- Female students view themselves more as spenders than savers.

How prepared do you feel to meet your financial goals?



* Statistically significant at 95% confidence



Health and happiness are students' measures for success

Insight

- Students believe they will be more financially successful than their parents.
- Students correctly estimated the average starting salary at around \$45,500.
- Having steady employment, paying off loans and debt, and being financially independent are students top three financial goals.
- Traditional success markers like owning a home, high income and a comfortable retirement are not high on the priority list for success.

How would you rank the importance for achieving success in life?

