



Buckling under Debt and a Lack of Financial Knowledge, College Students Feel Toll of Financial Stress

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Survey of 30,000 college students finds many unprepared to manage their money

Research highlights opportunity to improve financial preparedness and reduce stress through enhanced financial literacy and public policy solutions

NEW YORK & WASHINGTON--(BUSINESS WIRE)--May 29, 2019-- As millions of students across the country graduate from college and prepare to enter the workforce, many are ill-equipped to manage their finances and are making costly missteps that could threaten their future financial security.

According to new research from EVERFI, sponsored by AIG, many students will begin their professional lives burdened by financial anxiety and soaring student loan debt. The [Money Matters on Campus](#) survey – now in its seventh year and including 30,000 students at more than 440 educational institutions across the country – underscores the importance of greater financial education and literacy, as well as policy solutions, in improving financial preparedness and reducing stress.

Among the key findings:

- Managing money remains the most daunting challenge for college students for the fourth year in a row, with nearly half of college students (47%) saying they don't feel prepared to manage their money.
- Six in 10 students have already taken or plan to take loans to cover their tuition bills – alarmingly, only 65 percent of borrowers plan to pay off these loans on time and in full.
- The research reveals a sharp decline in students who expect to adopt good financial habits over the next 12 months, with Gen Z students lagging in particular:
 - Only 49 percent of all students plan to follow a budget, down from 76 percent in 2012. Gen Z students trail behind with only 37 percent committed to budgeting.
 - Only 60 percent of all students plan to pay their credit card bill on time, down from 85 percent in 2012. For Gen Z students it's even lower, at 47 percent.

"Many of today's college students are not ready to take charge of their financial lives, because they do not know how or even what to consider," said Ray Martinez, co-founder and president of EVERFI. "Financial literacy, like all important lessons, must start early – long before the student takes a seat at college orientation and certainly ahead of entering the workforce."

With students feeling underprepared to handle their money matters, it's no surprise that financial stress is weighing heavily on their minds. College students cited several significant financial worries, including whether they would have enough money to last the semester (52 percent), fear of tuition rising (59 percent) and the most prevalent worry – landing a job after graduation (68 percent).

"As the first wave of Gen Z joins the workforce, employers have a tremendous opportunity to help their employees build a solid financial foundation, allay anxieties and learn the good financial habits they need to take charge of their financial lives," said Rob Scheinerman, President, AIG Retirement Services, a leading defined contribution retirement plan provider for tax-exempt and public sector employers. "A focus on financial literacy will help reduce workplace stress and improve financial outcomes, paying dividends for employers in terms of greater employee loyalty, morale and productivity. A financial advisor can provide an added level of expertise and accelerate employees toward a better understanding of their current financial situation and long-term objectives."

One of the best ways to prepare students to handle money matters is through effective financial education – at work and in the classroom. Today, only 35 percent of respondents reported having ever taken a personal finance course.

Student Loans Raising Levels of Financial Stress

Student loan debt greatly contributes to the financial pressure felt by college students, with more than half of student borrowers (51 percent) reporting they were worried about their debts. Only 65 percent of borrowers plan to pay off their loans on time and the same percentage plan to pay them off in full, down dramatically from 88 percent in 2012.

For younger students, their behavior can be explained to some degree by a lack of financial know-how. Only 11 percent of Gen Z students feel they have the information they need to repay their college loans, compared to 22 percent of students overall – revealing a gap in financial education on the topic of debt.

Students say they could reduce their stress by making a plan to pay off the loans (58 percent), developing a better understanding of their loan repayment options (53 percent) or by having a clearer picture of their total amount owed (50 percent).

"Gen Z will enjoy longer, more productive lives than the generations before, and they'll need to save for a retirement that could span four decades or more, many without the benefit of a pension. Debt is becoming a financial burden for young people, weighing them down and inhibiting their ability to save," said Scheinerman. "This generation will need the joint support of family, educators, employers and policymakers to help them lead financially fit lives. That's why legislation like the Retirement Parity for Student Loans Act, among other solutions, is critical, enabling employees to pay down their student loans, while employers help them make progress toward saving for a brighter future."

This research builds on AIG Life & Retirement's [Plan for 100](#) initiative, focused on educating and empowering individuals, employers and financial advisors to help Americans prepare for lives that could exceed 100 years. The initiative includes a new website and podcast series to raise awareness about the impact of increased longevity and educate Americans about potential solutions. For today's college students, the possibility of living to 100 will mean having to save earlier and creating a financial plan to achieve their goals.

Students Adopt Risky Credit Card Habits: Multiple Cards, Significant Debt and Late Payments

The credit card habits of the current generation of college students are also hindering their financial well-being and leading to levels of debt that can have a long-term impact.

- **Increasingly prevalent:** The use of credit cards on college campuses has grown from 28 percent in 2012 to 46 percent today.
- **Multiple credit cards:** Nearly half of these students juggle charging to two or more credit cards (45 percent, up from 25 percent in 2012).
- **Carrying balances:** More than one in three students with credit cards already has amassed more than \$1,000 in credit card debt—showing a significant uptick since the survey began (25 percent in 2012 to 36 percent this year). Further, only half (51 percent) said they would likely pay off their entire credit card bill next year.
- **Late payments:** One in five already damaged their credit scores by paying bills late (22 percent), and, looking ahead, only 60 percent said it was likely they would pay credit card bills on time.

These behaviors spotlight the importance of helping college students and recent graduates make more informed decisions so they can better address paying down debt – while also building a strong foundation for their financial future.

FutureFIT University

AIG Retirement Services also partners with EVERFI to deliver financial education through [FutureFIT University](#). From the fundamentals of saving and budgeting to more complex topics like retirement, taxes and 529 plans, FutureFIT University delivers critical education in short learning sequences that are mobile friendly, offering engaging information on key concepts to help retirement plan participants wherever they are on their financial journey. A similar financial literacy program, FutureFIT Academy, is designed for a K-12 audience and available to select schools.

In addition, as a leading defined contribution retirement plan provider for tax-exempt and public sector employers, including healthcare, K-12, higher education, government, religious, charitable and other not-for-profit institutions, AIG Retirement Services provides financial education to millions of employees through targeted seminars and materials, including how to pay for student loans and manage debt while also saving for the future. These educational initiatives – delivered through digital tools and financial advisors – help guide employees towards financial independence while also helping plan sponsors improve employee retention and financial wellness goals. Additional educational resources can be found [here](#).

About the Money Matters on Campus Survey

In order to understand the financial capability of those in college and preparing to become part of the future workforce, EVERFI, sponsored by AIG, surveyed a nationally representative sample of over 30,000 college students from more than 440 institutions located in 45 states during the fall semester of 2018 and early spring semester of 2019. Eighty percent of the nationally representative sample of college students classify as Generation Z. View [the full research report](#), comparing data collected from 2012-2018.

About EVERFI

EVERFI, Inc. is the recognized leader in financial literacy education and powers financial wellness solutions for many of the country's leading financial institutions. EVERFI uses innovative and scalable digital learning platforms to reach learners of all ages through its partnerships with more than 800 financial institutions. EVERFI is the pioneer in tackling society's most important intractable issues through the power of education and as the convener of thought leadership consortiums including the Financial Capability Network, Prescription Drug Safety Network, Campus Prevention Network, and the Digital Wellness Network. EVERFI engages more than 3,400 partners in their education and social impact initiatives across all 50 states, Canada and Puerto Rico. Founded in 2008, EVERFI is fueled by its Software-as-a-Service (SaaS) subscription model and has reached more than 25 million learners. Some of America's leading CEOs and venture capital firms are EVERFI investors including Amazon founder and CEO Jeff Bezos, Google Chairman Eric Schmidt, Twitter founder Evan Williams, Advance Publications, Rethink Education, and Rethink Impact. To learn more about EVERFI visit [everfi.com](#) or follow us on [Facebook](#), [Instagram](#), [LinkedIn](#) or [Twitter](#) @EVERFI.

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AIG Life & Retirement, a division of AIG (NYSE: AIG), brings together a broad portfolio of protection, retirement savings, investment and lifetime income solutions to help people achieve financial and retirement security. The business consists of four operating segments – Individual Retirement, AIG Retirement Services, Life Insurance and Institutional Markets – and holds longstanding, leading market positions in many of the markets it serves.

AIG Life & Retirement includes AIG member insurance companies American General Life Insurance Company (Houston, TX), The United States Life Insurance Company in the City of New York, and The Variable Annuity Life Insurance Company (VALIC), Houston, TX as well as AIG Mutual Funds. Securities products are distributed by AIG Capital Services, Inc., member FINRA. Additional information about AIG Life & Retirement can be found at [www.linkedin.com/showcase/aig-life-&-retirement](#).

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