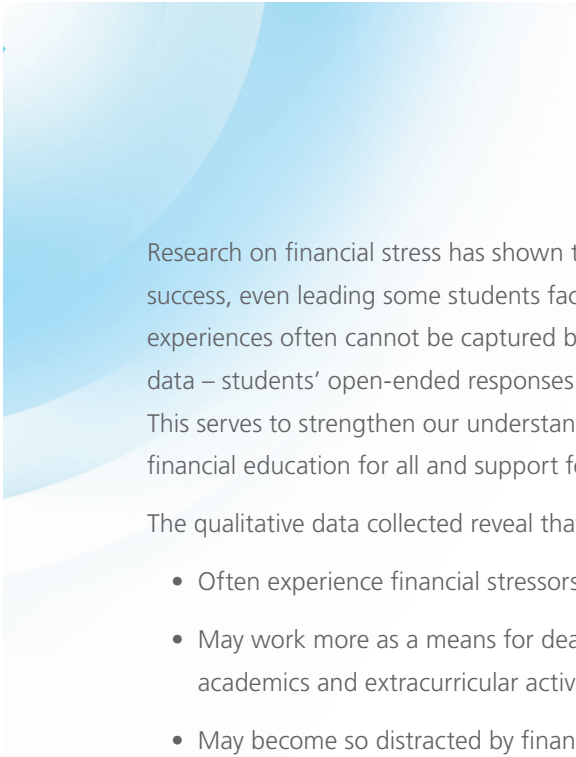




Students Speak: The Detrimental Impact of Financial Stress on Student Success

May 2013



Research on financial stress has shown that it can be detrimental to college student academic progress and success, even leading some students facing extreme financial stress to drop out.¹ However, students' unique experiences often cannot be captured by relying solely on quantitative data. Here is a look at the qualitative data – students' open-ended responses – gathered as part of a 2012 financial stress survey conducted by Inceptia. This serves to strengthen our understanding of students' everyday reality, and reinforces the need for increased financial education for all and support for students experiencing this stress to unhealthy degrees.

The qualitative data collected reveal that students:

- Often experience financial stressors on top of other stressors, which may compound to increase total stress;
- May work more as a means for dealing with financial stress, which decreases the amount of time available for academics and extracurricular activities;
- May become so distracted by financial stress that they are unable to focus on academic pursuits;
- Are worried about the value of higher education; and
- Often experience worse outcomes in terms of mental health, physical health, academic performance, and academic progress.

Impact on Academic Performance or Progress

The Inceptia survey asked students, "Has the stress from financial issues ever had a negative impact on your academic performance or progress?" More than one third (34 percent) of respondents answered "Yes," and the question included an open-ended portion asking respondents to explain their "yes" or "no" response.² Seventy four students provided an explanation. Here are a few of their responses:

"Not being able to afford groceries has been a cause for concern that I find frequently distracts me while doing my school work."

"When all I can think about is money and how much I'm going to owe or how I can't afford supplies, it's hard to stay focused in school."

"I've had to work overtime instead of going home to complete homework. Had to rush work or take a zero."

One graduate student explained, **"Financial stress really impacts my overall stress. Stress has adversely affected my academics, physical health and mental health."** This student's experience provides a clear connection between financial stress and its adverse effects on students' academic progress and overall well-being.

Course Load Reduction due to Financial Issues

Another survey item asked, "Have you ever reduced your course load due to financial issues?" Twenty percent of respondents answered "Yes."³

A fifth-year student reported **"I had to work two jobs and go to school in order to cover the costs of living as well as the costs for school."** In his answer to the following question, he continued, explaining the impact this had on him: **"I have set myself back by taking fewer credit hours in order to stay alive financially."**

This is a catch-22 for many students: they need to work to be able to afford class, but they cannot attend their classes because they are too busy working to pay for them. One student put this succinctly: **"I can't afford to take the classes, but I can't afford NOT to take the classes."**

Impact of Financial Stress on Students' Academic Careers

Finally, the survey asked, "In your own words, please describe how financial stress has had an impact on your academic career." Nearly 250 responses to this question revealed several common effects of financial stress. Here are a few of their responses:

"I am admittedly poor with money, but I have taken extra jobs and hours, even working all night and staying up for days between work, class, and homework just to keep up with bills and not be a burden to my parents. Being out of state and paying that extra tuition is also a huge stressor and adds pressure to do well in school. However, this added pressure creates a negative impact on performance."

"My mother is disabled and my family is below the poverty line. It's hard for me to be off at school, eating regular meals and attending classes because I get student loans, while my family is at home and most likely without groceries."

"The financial stress has caused me to think about dropping out. Also has made me think that I just couldn't do my classes and caused me to do poorly on assignments and tests when thinking about it too much."

Conclusion

The student stories shared here support existing research that financial stress can lead to poor outcomes for college students, including dropping out. These stories provide a voice for this research. While by no means the entire solution, institutions' investment in financial education may be beneficial for decreasing students' financial stress, which may improve overall student well-being and thus retention. Especially when provided prior to entering college or in their first year, financial education may help students avoid some of this stress and its consequences.

The Inception Of A Movement.

Inceptia is dedicated to providing much-needed support to help schools effectively fulfill their roles and responsibilities. Our mission is to provide guidance to schools, along with the means to help their undergraduate, graduate and professional students succeed. Through comprehensive analytics, student success tools, financial education, default prevention and financial aid management, we are confident we can help all students, not just borrowers, become financially responsible adults. We are here to make it possible for more schools to launch brilliant futures.

- Inceptia offers schools an in-depth **Financial Aptitude Analysis** to determine the financial health of students and faculty.
- For students, Inceptia then develops a customized program which includes **Online Financial Education** and **Financial Education Seminars** that help them become financially responsible adults.
- For higher education professionals, Inceptia offers a **Personal Financial Management Certification** program that helps professionals effectively guide others on personal financial matters.

Sources

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- 2 Trombitas, K. (2012). Financial stress: An everyday reality for college students. Inceptia. Retrieved from <https://www.inceptia.org/about/resources/financial-stress>
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- 4 Goetz, J., Cude, B. J., Nielsen, R. B., Chatterjee, S., & Mimura, Y. (2011). College-based personal finance education: Student interest in three delivery methods. *Journal of Financial Counseling and Planning*, 22(1), 27-42.

About Inceptia

Inceptia, a division of National Student Loan Program (NSLP), is a non-profit organization providing premier expertise in default prevention and financial education. Since 1986, we have helped more than two million students finance their higher education dreams at 5,500 schools nationwide. Annually, Inceptia assists more than 150,000 delinquent borrowers in repaying their student loans. By using practical tools of cohort analysis, financial education and repayment outreach, Inceptia educates students on responsible personal finances and loan repayment counseling and provides default prevention strategies and services to schools. More information at Inceptia.org.

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