

College spending habits may predict when 'adulting' starts

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How well you manage your money in college may determine when you'll ultimately achieve "adult identity," according to a new study led by the University of Arizona.

Researchers tracked a group of students from their fourth year of [college](#) to five years post-graduation. Participants were asked at three different points to self-report on financial behaviors such as spending, saving, budgeting and borrowing. Those who had good financial habits in their fourth year of college, or who showed marked improvement in their habits over the course of the study, were more likely to see themselves as [adults](#) at the end of the study period, when they were 26 to 31 years old.

On the flip side, those whose financial behaviors in college weren't as good, or didn't improve over time, were less likely to see themselves as having reached adulthood five years after college.

"We found that financial behaviors during that fourth year of college continue to have positive implications for emerging adults more than half a decade later," said study co-author Melissa Curran, an associate professor in the UA's Norton School of Family and Consumer Sciences in the College of Agriculture and Life Sciences.

The research, published in the *Journal of Applied Developmental Psychology*, is based on data collected at three different time points over a six-year period, starting with students' fourth year of college in 2010 and five years post-college in 2016. All of the participants were originally UA students.

Although adult identity has traditionally been measured by milestones like getting married, having children and achieving financial independence, for this study researchers measured participants' perceived adult identity by asking them to rate, on a scale of 1 to 5, a series of statements, such as "I feel that I have matured fully."

"We asked them to reflect on whether they think they've already reached adulthood and whether others around them see and treat them as adults," said lead study author Xiaomin Li, a doctoral student in family studies

and [human development](#).

It wasn't just the young adults' own financial behaviors that impacted whether or not they considered themselves adults. Study participants who reported that their romantic partners had good financial habits also scored higher on measures of adult identity.

Researchers focused only on individuals who were in [romantic relationships](#) at each point of data collection, since research has shown that [romantic partners](#) play an increasingly important role in young adults' financial well-being as they transition into adulthood. About 80% of participants were married by the end of the study, and 20% had children.

"The emerging adults we focused on are at a special developmental phase, and in this period, they have the need for intimacy," Li said. "It's a stage when they become independent from the family but more dependent on their partner, so researchers need to regard [intimate relationships](#)' effects on development in this stage of emerging adulthood."

Li and Curran—along with their collaborators at Beijing Normal University in China, the University of Minnesota and the University of Wisconsin—identified two possible pathways through which financial behaviors may impact adult identity formation.

They found that those who practiced more responsible financial behaviors reported having fewer symptoms of depression and higher relationship satisfaction, both of which, in turn, seemed to promote the formation of adult identity.

While the study focused on college-educated students, future research should consider the implications of financial behavior on adult identity

formation in non-college educated young adults, Li said.

Meanwhile, given the role that financial behaviors seem to play in college students' adult [identity](#) formation, it may be beneficial for colleges to focus on financial education, Li said.

"Other stakeholders should develop some programs to help [young adults](#) keep accumulating more responsible financial behaviors even after they've graduated from college," she said.

More information: Xiaomin Li et al, Financial behaviors and adult identity: Mediating analyses of a college cohort, *Journal of Applied Developmental Psychology* (2019). [DOI: 10.1016/j.appdev.2019.101049](https://doi.org/10.1016/j.appdev.2019.101049)

Provided by University of Arizona

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