

## One-Third of College Upperclassmen Admit Being Financially Unprepared as Freshmen

*Upperclassmen offer advice to incoming college freshmen on best way to avoid financial pitfalls*

Nearly one-third (32%) of college students<sup>1</sup>, when thinking about their freshman year, admit that they were “not at all” or “not very well prepared” for managing their money on campus. Only one in five (20%) students claims to have been “very well prepared” for managing their money on campus. Three-quarters (75%) admit to having made mistakes with their money when they arrived on campus, and the biggest mistakes were overspending on food (21%), entertainment (19%) and putting too many purchases on their credit card (16%). When asked how closely they tracked where their money was being spent, nearly four in ten (39%) claim they had tracked their spending “very closely” while fewer (14%) say they tracked their spending “not at all closely” or “not very closely.”

These are some of the results of a nationwide poll commissioned by KeyBank and conducted by Harris Interactive among 1,003 college students ages 18 to 24 who completed at least one year of college. The survey was fielded online between July 21 and August 10, 2006.

### Spending habits of college students

Looking back to their freshman year in college, and given the choice of five statements that might reflect their attitude toward spending money at school then, almost half (45%) say that they were responsible with their money and never spent more than they had or should have. However, 15 percent say if it had been a choice between going out and having fun and staying home and saving money, going out and having fun won almost every time. One in ten (11%) also says that they fully expected to acquire some debt on their credit card while they are at school.

### What kinds of trade-offs might students consider to make ends meet?

When looking back, about one in ten (11%) students say they frequently skipped meals (about once a week or several times a week) because they ran out of money while in college. Nearly a third (31%) claim to have skipped a meal a few times a year or once a month. And, fourteen percent (14%) even claim to have sold or pawned their possessions to pay expenses so they could make ends meet or have money to go out.

Not surprisingly, more common ways of supporting their spending habits and living expenses in college included getting a part time job (58%) or a full-time job (24%).

<sup>1</sup> U.S. students ages 18 to 24 who are currently enrolled in college and have completed one or more years of college.



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# The Advisor

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## Advice for incoming freshman about credit cards

When asked what advice they have for incoming college freshman, many (44%) college students would advise them to use a credit card only for emergencies. Thirty-nine percent (39%) recommend that freshmen use a credit card as long as they can pay off the balance each month. Fewer than one in five (17%) tell incoming freshmen to simply leave the credit card at home.

Other advice that college students have for incoming freshman includes:

- Buy used textbooks whenever you can (80%)
- Don't make fast food a staple of your diet (67%)
- Make sure your bank has a branch on campus or doesn't charge extra for using another bank's ATM (43%)
- Walk or take public transportation instead of driving (36%)
- Limit cell phone usage (19%)

## And what about gas prices?

More than half (56%) of students say that when they were freshmen, the first thing that popped into their heads when they or their friends needed to get somewhere was, "somebody grab the keys to the car". Despite concerns about gas prices then, when heading out on a trip by car, more than six in ten (62%) say they decided to drive anyway. Only one in five considered checking a train schedule (20%) or simply walking to the destination (20%).

"For many young adults, freshman year represents the first time they experience responsibility for managing their own budget for such basics as housing, tuition and class materials, in addition to more discretionary items. And it may also be the first time they have access to and use a variety of financial services, including credit and debit cards," remarks Dana Markow, Ph.D., Vice President of the Youth and Education Research Practice at Harris Interactive. "Although college students can be savvy consumers when it comes to areas where they already have purchasing experience, the results of this survey show that they may need extra support and guidance in this realm of spending."

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## Methodology

This survey was conducted online within the United States by Harris Interactive on behalf of KeyBank between July 21 and August 10, 2006 among 1,003 college students ages 18 to 24 who are currently enrolled in college and have completed at least one year of college. Figures for age, sex, race/ethnicity, student status, and region were weighted where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was also used to adjust for respondents' propensity to be online.

All surveys are subject to several sources of error. These include: sampling error (because only a sample of a population is interviewed); measurement error due to question wording and/or question order, deliberately or unintentionally inaccurate responses, nonresponse (including refusals), interviewer effects (when live interviewers are used) and weighting.

With one exception (sampling error) the magnitude of the errors that result cannot be estimated. There is, therefore, no way to calculate a finite "margin of error" for any survey and the use of these words should be avoided.

With pure probability samples, with 100 percent response rates, it is possible to calculate the probability that the sampling error (but not other sources of error) is not greater than some number. With a pure probability sample of 1,003, one could say with a ninety-five percent probability that the overall results have a sampling error of +/- three percentage points. Sampling error for sub-samples would be higher and would vary. However that does not take other sources of error into account. This online survey is not based on a probability sample and therefore no theoretical sampling error can be calculated.

*These statements conform to the principles of disclosure of the National Council on Public Polls.*

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# The Advisor



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Harris Interactive is the 12th largest and fastest-growing market research firm in the world. The company provides research-driven insights and strategic advice to help its clients make more confident decisions which lead to measurable and enduring improvements in performance. Harris Interactive is widely known for *The Harris Poll*<sup>®</sup>, one of the longest running, independent opinion polls and for pioneering online market research methods. The company has built what could conceivably be the world's largest panel of survey respondents, the Harris Poll Online. Harris Interactive serves clients worldwide through its United States, Europe and Asia offices, its wholly-owned subsidiary Novatris in France and through a global network of independent market research firms. The service bureau, HISB, provides its market research industry clients with mixed-mode data collection, panel development services as well as syndicated and tracking research consultation. More information about Harris Interactive may be obtained at [www.harrisinteractive.com](http://www.harrisinteractive.com).

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