

# Identifying Financially-Distressed Students



## Today's goals

- understanding:
  - what it means to be “financially distressed”
  - how it happens
  - what clues or behaviors students might exhibit
  - how to help and what to say
  - what support and resources are available



## “Financially-distressed”

- students are “financially-distressed” if they are:
  - enslaved by money issues
  - out of control with money
  - constantly worried about money
  - unsure how to handle money
  - fearful about having money
  - frozen, unable to decide about money
- What else might it mean?



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## How it happens

- paying bills late—juggling bills
- spending available cash frivolously
- not knowing how much they owe
- overdrawing their bank account



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## How it happens

- using credit as income
- making choices without considering consequences
- if you spot a trend, beware!



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## Think about it...

*“The American Dream in recent years has been defined as ‘more is better’. More people are waking up to the hidden costs of chasing that dream. The biggest hidden cost is debt.”*

--Betsy Taylor, Executive Director  
Center for a New American Dream



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## Your spending habits

- recall the first item you purchased with your own money
- How did that purchase make you feel?



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## Clues and behaviors

- negative money behaviors for 18-34 year olds:
  - experiencing a mood change (high or low) before or after shopping
  - spending money as a way to escape problems or relieve stress
  - losing opportunities because of money consumption (significant relationship, job promotion, education or career)



Source: Steve Rhode, MyVesta

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## Clues and behaviors

- repeated, unsuccessful attempts to control, cut back, or stop excessive money use
- feeling alone and spending money to feel better or improve self-esteem
- lying, minimizing, or rationalizing to conceal spending



Source: Steve Rhode, MyVesta

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## Clues and behaviors

- preoccupied with buying things to impress or influence others
- carrying excessive debt as the result of the inability to stop spending money
- spending money on or with others to maintain relationships



Source: Steve Rhode, MyVesta

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## Thought-provoking question...

- Which of the previous “clues and behaviors” were more prevalent for women and men respectively in the MyVesta study?
  - women
    - experiencing a mood change (high or low) before or after shopping
  - men
    - spending money on or with others to maintain relationships



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## Clues and behaviors

- serious academic trouble
- excessive absences from class
- changed social relationships
- disruptive behavior
- exaggerated emotional responses



Source: UC Davis

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## Clues and behaviors

- obvious signs of persistent depression
- increased physical complaints
- increased alcohol or drug use
- dramatically increased or decreased weight

Source: UC Davis



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## Think about it...

- prevalent thinking in the student loan industry
  - students who work more study less
  - working students are more likely to drop out and/or default
- study shows that working more to manage debt may lead to academic and financial failure



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## What experts say

*“Many people assume that it’s normal to be unable to control their money. It’s not. Money abuse is the inability to control excessive debt or spending. It is a recurrent, often unconscious, use of money to overcome underlying issues.”*

--Steve Rhode, President, Co-founder  
MyVesta Financial Health Centers



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## Money assessment

- ask students what part of their life:
  - is NOT affected by money
  - feels out of control due to money
  - makes them feel good about money
  - is frustrated about another person’s money style or habits



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## Money assessment

- do students believe money is:
  - an evil necessity or controlling force?
  - a means to an end?
  - a resource to use? (you can't take it with you)
  - as easy as swiping a credit card?
  - a puzzle to be solved?



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## Counseling students

- ask to talk in private
- use open-ended questions (how, where, when, etc.)
- listen in a non-judgmental manner—avoid “should” and “need to”
- talk about today and the future—no one needs to be beaten up for the past



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## Counseling students

- repeat what you hear to clarify and ensure you understand the student's comments/concerns
- provide your undivided attention
- try to understand from the student's perspective



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## Counseling students

- find an “accredited peer counselor” to relate on their level (may be available on your campus)
- most students will follow our actions better than our words
- only “fix” problems within your control—know when the student's needs are outside your area of expertise



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## Counseling students

- de-stigmatize the notion of “counseling/help”—everyone needs support on occasion
- seek additional support if you feel angry or intimidated by the student’s behavior or comments



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## Support and resources

- school counseling services
- on-campus “accredited peer financial counseling” group
- church or synagogue



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## Support and resources

- National Foundation for Credit Counseling (CCCS)
  - [www.nfcc.org](http://www.nfcc.org)
  - 800-388-2227
- Association of Independent Consumer Credit Counseling Agencies
  - [www.aiccca.org](http://www.aiccca.org)
  - 800-450-1794



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## Support and resources

- [www.nslp.org](http://www.nslp.org)
  - go to “Schools”, “Default Prevention & Financial Literacy”, and select *Money Management Counseling*
- [www.clarkhoward.com](http://www.clarkhoward.com)
- [www.cnn.money.com](http://www.cnn.money.com)
- [www.equifax.com](http://www.equifax.com)
- [www.myfico.com](http://www.myfico.com)



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## Discussion and questions



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