

The Lengthening Transition to Adulthood: Financial Parenting and Recentering During the College-to-Career Transition

Today's emerging adults are facing uncertain financial prospects. As national surveys conducted annually since 2007 by the American Psychological Association (APA; 2016) have shown, matters related to money rank as one of the top causes of stress – particularly among younger Americans (ages 18 -34) – and the gaps between non-White and lower-income households are widening. Increased availability and access to student loans has made it possible for a more diverse population of emerging adults to pursue higher education. Although higher education is associated with lower unemployment and higher lifetime earnings (Ma, Pender & Welch, 2016), a debt-financed education is a higher-risk investment in a labor market marred by limited job prospects and stagnant wages (Lusardi, de Bassa Scheresberg, & Oggero, 2016; Gabor, 2014). This is of particular concern because a disproportionate number of student loan borrowers are from non-White and lower-income households (Elliot & Friedline, 2012), and many are first-generation college students (Bui, 2002). Regardless of whether college is viewed as a pathway to greater financial security and upward mobility (Engle & Tinto, 2008) or an extended period of exploration (Arnett, 2000), emerging adults are taking longer to transition to adult roles (Roberson, Fish, Olmstead, & Fincham, 2015) and many continue to rely on family financial support (Fingerman, Miller, Birditt, & Zarit, 2009; Fingerman et al., 2016). Continuing financial support notwithstanding, emerging adults consistently report that three of the top qualifications for attaining adulthood are *accepting responsibility for one's self, making*

independent decisions, and *becoming financially independent* (Arnett, 1998; 2000). In other words, parent-directed behavior gradually gives way to self-directed behavior. Tanner (2006) refers to the shift in responsibility as recentering.

Framed as an investigation of the recentering process during the college-to-career transition, we examined concurrent changes in parental financial socialization and college students' financial behavior using longitudinal data collected over five years from a college cohort in the US ($N=922$). Because the transmission of norms, values, and behaviors occurs within the larger sociodemographic context (Gudmunson & Danes, 2011) and may influence the interactions between parents and their emerging adult children, we examined the effects of systemic and structural factors (gender, race/ethnicity, family socioeconomic status (SES), and first-generation college status) in the recentering process.

Guiding Theoretical Concepts

The recentering process typically occurs in three stages (Tanner, 2006). Throughout Stage 1, the individual is embedded within the family of origin and thus parents continue to exert control over their children's behavior. During Stage 2, individuals assume more independent roles (e.g., college, occupation, relationships) and thus parents' influence wanes. During Stage 3, the individual accepts the full responsibilities of adulthood, independent of family-of-origin. Because emerging adults make many important life choices (e.g., college, career) that have financial implications (Author citation, 2017), we posit that finances play an important role in the process.

We integrated tenets of the Family Financial Socialization model (FFS, Gudmunson & Danes, 2011) into the recentering process because family interactions are the foundation for the acquisition of financial knowledge and behavior (Chowa & Despard, 2014; Clarke, Heaton,

Israelsen, & Eggett, 2005). Although parental financial socialization is a bi-directional process, we focus on emerging adults' perception of the financial socialization received from parents, which we refer to as *financial parenting*. Financial parenting begins when children are young (Moschis, 1987), at a time when parents exercise the most control over their children's experience and their behavior (Stage 1). Financial parenting takes two basic forms: purposive and implicit. Purposive financial parenting refers to explicit actions and communications intended to promote an understanding of finances and financial behaviors, whereas the lessons learned via implicit financial parenting derive from the many financial interactions that occur within the context of everyday family life (e.g., paying bills, grocery shopping). The coherent (and discernable) system of financially related actions that forms as a result of the family financial socialization process has been defined as a "pattern of action over time" (Gudmunson & Danes, 2011, p. 650). An important assumption of the FFS model is that the financial choices people make are based on relevant information available to them in real-life situations. If so, we would expect financial parenting practices to differ by systemic and structural factors (i.e. gender, race/ethnicity, family SES; first-generation college student status).

Since we can expect the guidance that an emerging adult receives from parents to diminish during the college years (Stage 2), we can further surmise that the emerging adult will assume more responsibility for his/her choices during this time. Likewise, because personal financial experiences (e.g., failing to pay fees on time) and other socializing influences (e.g., peers, romantic partner) will influence emerging adults' financial behaviors, we can expect behavior to improve over time as the young adult passes into maturity (Stage 3), despite the hypothetical waning of financial parenting.

Review of the Literature

Explicit Financial Parenting and Emerging Adult Financial Behavior

In the present study, explicit financial parenting refers to “intentional efforts [parents] use to financially socialize [children]” (Gudmunson & Danes, 2011, p. 649). Explicit financial parenting has most frequently been measured in terms of parent-child discussion (Author citation, 2016), typically with either one item about general financial discussion or with one item for each of several different facets of financial discussion (e.g., credit, saving, budgeting). However, discussion processes (Marks, Rosa, LeBaron, & Hill, in review) and mechanisms (Angulo-Ruiz & Pergelova, 2015; Jorgensen & Savla, 2010; Shim, Barber, Card, Xiao, & Serido, 2010) are beginning to be explored

Explicit financial parenting seems to have a strong, positive influence on individual financial knowledge, attitudes, and behaviors (Chowa & Despard, 2014). In childhood and adolescence, parents’ influence is especially strong compared to the effect of other explicit teaching sources such as school and peers (Shim et al., 2010; Grohman, Kouwenburg, & Menkhoff, 2015). Although parents’ comparative influence wanes over time as the influence of other socialization agents such as romantic partners increases (Curran, Parrott, Ahn, Serido, & Shim, 2018), quality parent-child financial discussion during college has been linked to students’ healthy financial behavior (Author citation, 2010). In addition to contemporary financial discussion, the explicit financial parenting received during childhood and adolescence positively predicted financial knowledge, attitudes, and behaviors in emerging adulthood (Clarke et al., 2005; Mimura, Koonce, Plunkett, & Pleskus, 2015).

Implicit Financial Parenting and Emerging Adult Financial Behavior

Implicit financial parenting refers to everyday family interactions that provide indirect lessons about how the family handles finances and is the most common form of parental

financial socialization (Gudmunson & Danes, 2011). Studies have long shown that children tend to imitate their parent's behaviors, including their financial practices (Author citation, 2015; Moschis, 1987; Shim et al., 2010). A child who, for example, observes a parent saving money will internalize the practice and become more likely to regard the act of saving as a good behavior (Buccioli & Veronesi, 2014); Moreover, the lesson adheres and continues to influence the child well into adulthood (Webley & Nyhus, 2006; 2013).

This kind of parental role modeling has been found to correlate with higher levels of financial knowledge among college students, and this higher level of knowledge apparently encourages them to engage more frequently in healthy financial behavior (Jorgensen & Savla, 2010). In a national survey of US college students (N=15,797), Gutter, Garrison, and Copur (2011) found that students who observed their parents' practicing healthy financial behaviors were more likely to budget and save compared to students who did not, after controlling for family finances and sociodemographic factors. The effect of parental financial role modeling on financial behaviors may also be indirect, for example, promoting a positive financial attitude towards financial behavior (Author citation, 2015; Shim et al., 2010). More recently, Tang (2016) found that parents' healthy financial behavior observed by adolescents (ages 10–17) was positively associated with these children's financial behavior in emerging adulthood (ages 18–25). However, because implicit financial parenting is indirect, children may misinterpret the interaction or may internalize negative behavior without understanding the consequences (Solheim, Zuiker, & Levchenko, 2011). When, for example, a child observes a parent using a credit card to pay for, say, groceries with a credit card, but does not also observe the parent paying the credit card bill, the child may not understand that credit card purchases are debts to be

repaid. Consequently, when the child grows into emerging adulthood, he/she may habitually overspend and then fall into greater debt by failing to pay credit-card bills on time.

The Potential Impact of Systemic and Structural Factors

Gender. Several studies have found that sons receive more and better financial parenting from their parents than do daughters (cf. Garrison & Gutter, 2010) and that parents also have higher expectations for their sons regarding finances (Newcomb & Rabow, 1999). Moreover, most likely because parent-child financial discussions begin at younger ages for sons (Agnew & Cameron-Agnew, 2015; Newcomb & Rabow, 1999), on average, men register a higher level of financial knowledge than do women (Danes & Brewton, 2014; Lusardi, Mitchell, & Curto, 2010) and also tend to be more confident about finances (Danes & Brewton, 2014; Newcomb & Rabow, 1999). However, research on gender-related differences in general financial behavior has produced mixed results; some studies have found that men practice healthier financial behaviors (Lyons, 2004; Worthy, Jonkman, & Blinn-Pike, 2010), while other studies have found that women do (Hayhoe, Leach, Turner, Bruin, & Lawrence, 2000; Henry, Weber, & Yarbrough, 2001).

Socioeconomic Status (SES). Research suggests that SES may affect three primary methods of financial parenting: modeling, discussion, and experiential learning. In regards to modeling, parental SES positively predicted emerging adults adopting healthy financial behaviors modeled by parents (Shim et al., 2010). In regards to discussion, parents from higher social classes may be more proactive and confident in teaching their children about finances compared to lower and working-class parents (Luhr, 2018). It would seem that a family's financial circumstances should influence financial parenting, for instance, wealthy parents might discuss money matters with their children more often than do poor families.

Finally, children of lower-SES families may also have fewer experiential learning opportunities regarding finances than their peers (Friedline & Rauktis 2004; Kim et al., 2011) and thus may be preconditioned to engage in unhealthy financial behaviors later in life. SES may also correlate with certain financial behaviors. Only 8% of all US households are “unbanked” (i.e., have no bank account), 26% of the less-educated (i.e., those without a high school degree) were unbanked, but once the population is narrowed to include only lower-income households (<\$15,000) the percentage rises to 27% (FDIC, 2012). In a study of emerging adults, those from lower-SES families saved less compared to their higher SES peers (median of \$300 and \$2,409 respectively; Friedline & Song, 2013). It should be noted, too, that there seems to be a connection between SES and the level of satisfaction with which young adults regard their own financial behaviors (Shim et al., 2010) with those from higher-SES families reporting higher levels of satisfaction.

Race/Ethnicity. We found only one study that investigated potential race/ethnic differences in financial parenting. Specifically, Gutter, Copur, and Garrison (2009) found White college students were less likely to discuss finances with their parents than their non-White counterparts. Although wealth is often linked with race (e.g., in the US, White wealth is 13 times greater than Black wealth; Kochhar & Fry, 2014), there is some evidence that mothers in non-White middle and upper-class families instill the importance of strong financial values in their children as a pathway to economic self-reliance (Dow, 2016). In this sense, it is possible that racial/ethnic differences in financial parenting might be subsumed by SES.

In contrast, the extant literature repeatedly finds that financial behaviors differ by race/ethnicity. For example, White children and young adults were more likely to have a savings account than Black children and young adults (Gutter et al., 2010; Kim, LaTaillade, & Kim,

2011). On average, Black college students had higher levels of financial stress and more credit card debt than their White peers (Grable & Joo, 2006), and White college students were 21% more likely than non-White college students to budget (Gutter et al., 2010).

First-Generation College Student Status. To our knowledge, there are no empirical studies that have examined financial parenting and/or financial behaviors in conjunction with first-generation college student status. We know with some certainty only that first-generation college students – those students from families in which neither parent has earned a bachelor’s degree -- are more likely to come from lower SES backgrounds compared to their continuing-generation peers (Engle & Tinto, 2008). If we were to speculate on their outcomes prior to college attendance, we would surmise that they would look like their low-SES peers. Yet, at least two studies have found that first-generation college students are upwardly mobile they are likely to encounter middle- and upper-class values and norms because during college (Bourdieu & Passeron, 1977; Stephens, et al., 2012) that influence their behaviors. Thus, it is plausible that although first-generation college students may receive less financial parenting, they look indistinguishable from their peers in their financial behaviors over time (Mimura et al., 2015).

The Present Study and Hypotheses

We integrated Tanner’s (2006) stages of recentering and with the tenets of FFS (Gudmunson & Danes, 2011) in order to test the following hypotheses: (1) at each wave of the survey we should find that both implicit financial parenting (H1a) and explicit financial parenting (H1b) had declined; and (2) at each wave, we should find that healthy financial behavior had improved at each wave (H2). On the basis of FFS theory and the literature, we formed two additional hypotheses: (3) more male participants (vs. female participants) would have reported higher levels of financial parenting, living in a high SES family (vs. low SES) and

being a continuing-generation college student (vs. first-generation college status) students (H3a); there would be no differences in financial parenting that could be attributed to race/ethnicity (H3b); and (4) levels of financial behavior would be higher for men (vs. women), high SES (vs. low SES); White (vs. ethnic/racial minority) (H4a); there would be no differences in financial behavior attributable to first-generation college-student status (H4b).

Method

Procedure and Data Collection

The data for the study comes from a larger longitudinal research initiative examining the formation of emerging adults' financial behaviors and the association between early financial behaviors and later life success. After receiving approval from the university Institutional Review Board, we invited the entire first-year cohort (~ 6,000 students) to participate in the baseline study using various recruitment methods, including the university's email accounts, campus media, flyers, and class announcements. The survey questionnaire was posted online for an eight-week period (Shim et al., 2010). A total of 2,073 first-year students completed the survey, representing 30% of the 2007 cohort. This sample closely resembled the university cohort but contained a slightly higher percentage of females (61.9%-our sample vs. 54.3%-university cohort), in-state participants (69.1% vs. 63%), and ethnic minority participants (32.6% vs. 30.1%). Four waves of data have been collected to date: Wave 1 (W1) baseline data in spring 2008 (age 18-21), Wave 2 (W2) data ($N=1,489$ age 20-23) in fall 2010, Wave 3 (W3) data (age 22-25) in spring-summer 2013 ($N=979$), and Wave 4 (W4) data ($N=855$ age 26-29) in spring 2016. The online surveys fielded in each wave were similar in size and scope.

Participants

The participants included the emerging adults who responded to three surveys that

provided information on financial parenting ($N=922$). The participants represented one-third of all fourth-year students at the university and consisted of both men (35.5%) and women (64.5%) and various racial/ethnic groups: 67.8% White; 14.8% Hispanic/Latino; 10.2% Asian/Asian American/Pacific Islander; 2.7% African American/Black and 1.2% Native American.

Socioeconomic status (SES), measured as parents' education and income at W1 (Coleman, 1983), included 30.9% low SES participants, 24.5% middle SES participants, and 42.0% high SES participants (2.6% missing SES information). The majority of the participants were in-state residents (74.9%); 24.0% were from other states, and 1.1% were international students. Fifteen percent of the students reported being the first in their family to attend college.

Measures

Financial parenting (W1, W2, W3). Two measures were used to assess financial parenting: *Explicit financial parenting*, defined as the extent to which parents deliberately taught them to manage their finances since coming to college (W1 $\alpha=.64$), while at college (W2 $\alpha=.69$), and since leaving college (W3 $\alpha=.67$). For each of the six items, participants were asked to respond using a five-point scale (1=*never*; 5=*always*). Items included the extent to which parents “talked to me about the importance of financial security for later life”, “reviewed my budgeting and spending patterns”, “explained how to establish my credit rating”. *Implicit financial parenting* was defined as participants' observation of parents' financial management practices. The participants were asked to indicate on a five-point scale (1=*never*; 5=*always*) the extent to which their parents performed six financial practices since coming to college (W1 $\alpha=.45$), while at college (W2 $\alpha=.47$), and since leaving college (W3 $\alpha=.46$). Sample items included “tracked monthly expenses”, “spent within a budget”, and “saved money each month for the future”.

Financial behavior (W1, W2, W3). Financial behavior was measured as the frequency with which participants engaged in each of six activities over the past six months at W1 ($\alpha=.785$), W2 ($\alpha=.784$), and W3 ($\alpha=.788$) (Author citation, 2013) on a five-point (1=*never*; 5=*very often*). Sample items included “tracked monthly expenses”, “spent within budget”, “paid credit card in full”, and “saved money each month for the future”.

Systemic and structural factors (W1). The following self-reported sociodemographic factors were included in the analyses: gender (1=*men*; 2=*women*); race/ethnicity (1=*African American/Black*; 2=*Asian/Asian American/Pacific Islander*; 3=*Hispanic*; 4=*Native American*; 5=*White*); family SES (1=*lower*=1; 2=*middle*; 3=*higher*) as calculated using the CSI (Computerized Status Index) method (Coleman, 1983) to index the education levels of both parents and total household income. We included a dichotomous variable to identify self-reported first-generation college student status (0=*no*; 1=*yes*).

Results

Changes in Financial Parenting and Financial Behavior over Time

We conducted a series of one-way repeated-measure ANOVA analyses (GLM) to assess patterns of average change in financial parenting (see Figure 1a) and financial behavior over the three waves (see Figure 1b). In cases where Mauchly’s test results (Mauchly, 1940) indicated that the assumption of sphericity had been violated, we corrected the degrees of freedom with Huynh-Feldt estimates (Huynh & Feldt, 1976) before interpreting the results.

Regarding implicit parenting, we found that mean levels of implicit parenting changed significantly between time points, $F(1.99,1759)=40.74$, $p=.001$, $\eta^2=.04$. Post hoc tests using the Bonferroni correction revealed that, on average, implicit parenting did not decline from W1 to W2 (.02, ns); the decline at W3 was significant, compared to W1 (.16, $p=.000$) and W2 (.14,

$p=.001$), providing partial support that implicit financial parenting would decline at each wave (Hypothesis 1a).

Regarding explicit parenting, we found that mean levels of explicit parenting differed significantly between time points, $F(1.96, 1752.62)=67.79$, $p=.001$, $\eta^2=.07$. Post hoc tests using the Bonferroni correction revealed that explicit parenting decreased on average .10 by W2 ($p=.003$) and then decreased an additional .27 on average by W3 ($p=.001$), providing full support for Hypothesis 1b.

Regarding the hypothesized positive change in participants' financial behavior over the three waves, we found mean level differences, $F(1.97, 1308.88)=16.61$, $p=.000$, $\eta^2=.02$. Post hoc tests using the Bonferroni correction revealed a significant and unexpected decline in healthy financial behavior at W2 (.18, $p=.000$), followed by a significant increase at W3 (.15, $p=.000$). Despite the rebound at W3, financial behaviors at W1 and W3 were not significantly different, providing no support for Hypothesis 2.

Group Differences in Financial Parenting and Financial Behavior

We tested for changes in financial parenting and financial behavior by systemic and structural factors (gender, race/ethnicity, SES, first-generation college student status), conducting a series of t -tests and one-way ANOVA analyses to test for differences by wave, followed by a separate series of repeated measure ANOVA analyses (GLM) to examine patterns across waves.

Differences in financial parenting. Contrary to our hypothesis, women received more implicit and explicit financial parenting compared to men, but the difference was significant at W2 only (see Table 1, cols.3-5). GLM analyses further revealed a significant (but very small) gender interaction in implicit financial parenting, $F(1.99, 1755.19)=3.08$, $p=.04$. For women, implicit financial parenting increased at W2 before decreasing at W3; for men, financial

parenting decreased over time (see Figure 2). Consistent with expectations, participants from low SES families reported lower levels of implicit parenting and explicit parenting compared to those from high and middle SES families at each wave (see Table 2 rows 1-3). We also found a difference between participants from high SES families compared to middle SES families in implicit parenting at W2 only (see Table 2, row 2). The pattern of change in financial parenting over time did not differ. Also as expected, we found that first-generation college students received lower levels of both implicit and explicit financial parenting at all three waves (see Table 1, cols. 6-8); the pattern of change over time did not differ. Finally, as expected, we found no differences by wave or over time by race/ethnicity.

Differences in financial behavior. As expected, women's financial behavior was significantly lower compared to men, but at W1 only (see Table 1, rows 7-9). GLM analyses showed that the pattern of change over time did not differ by gender. Consistent with expectations, participants from high SES families reported higher levels of financial behaviors compared to those from low SES families at each wave (see Table 2, rows 7-9). Similar to the results for implicit parenting, we found that the financial behavior of participants from middle SES families (compared to those from high SES families) was lower at W2 only (see Table 2, row 8). The pattern of change in financial behavior over time did not differ by SES. As expected, we found no significant differences in financial behavior or patterns of change in financial behaviors between first-generation college students and continuing-generation students. Finally, we found no support for hypothesized differences by race/ethnicity by wave or over time.

Discussion

In this study, we tested and found support for recentering (Tanner, 2006) during the college to career transition. As hypothesized, we found longitudinal evidence that financial

parenting lessens during the transition, although the pattern of decline differs by type of parenting. Contrary to our hypothesis, financial behaviors did not improve over time. Although systemic and structural factors revealed few differences in the patterns of change, family SES, first-generation college student status, and gender influenced both financial parenting and financial behaviors by wave. We discuss the findings and the potential implications of the differences on the timing and the length of the recentering process.

Changes in Financial Parenting Over Time

The results of the present study extend the literature on parental financial socialization in two ways: first, by demonstrating patterns of change over time; and second, distinguishing the effects of two types of financial parenting practices. Consistent with recentering during emerging adulthood (Tanner, 2006), we see a shift from parent-directed behavior through a decline in financial parenting. Earlier work suggests that when it comes to the financial domain, parents exert a strong influence, particularly during the college years (Shim et al., 2010). However, as emerging adults launch careers, they are expected to, and expect themselves to, become financially independent of their parents (Arnett, 1998). The smaller decline in implicit (indirect) parenting, versus the linear decline in explicit (direct) parenting, may be the result of remembered parental interactions which tend to linger (Webley & Nyhus, 2006; 2013). The patterns were consistent across all groups. In this sense, it appears that broader social norms account for the decline in financial parenting.

We considered if a lack of proximity (i.e., 86% of our sample did not live with their parents at W1), rather than a change in financial parenting, accounted for the decline. We compared the financial parenting patterns of those who lived at home and those who lived on campus, but the patterns were the same. Taken together, our findings provide some evidence of a

shift in responsibility (Tanner, 2006), however the small-to-medium effect size of the changes suggests that financial parenting of emerging adults continues well into the third decade of life.

Changes in Financial Behavior During Emerging Adulthood

Given the consistent, positive association between healthy financial behaviors and positive outcomes for emerging adults (e.g., Britt, Canale, Fernatt, Stutz, & Tibbetts; 2015; Robb, Moody, & Abdel-Ghany, 2012), we hypothesized that financial behaviors would improve over time, as emerging adults gained experience in managing their day-to-day finances. Instead, we found that healthy financial behaviors declined significantly, before rebounding to baseline levels. Similar to financial parenting, the patterns of change in financial behaviors were consistent across the groups. One possible explanation for this finding may be that behavior change does not take into account co-occurring changes in financial responsibilities or financial resources from the first year (W1) to the fourth year in college (W2). This may be particularly true of the participants in this study. The timing and continuing impact of the economic recession and the 2008 global financial crisis occurred between W1 and W2 data collection, when many of the participants lost financial support from parents, were unable to find part-time employment, and were hit with tuition increases (Author citation, 2014). Although the majority of the participants (92%) had transitioned from college to career at W3, many emerging adults including college graduates were still unemployed or underemployed (Shierholz, Sabadish, & Finio, 2013) and many had student loan debt. Although the decline represents a very small effect, it would seem reasonable to encourage parents to continue talking with their emerging adult children about upcoming changes in financial responsibilities (e.g., repaying student loans, relocating residence).

Systemic and Structural Factors Impacting Financial Behavior and Financial Parenting

Although the overall patterns of change were consistent, as expected, we found strong evidence that emerging adults from high SES families received more financial parenting and practiced healthy financial behaviors more frequently at each wave compared to those from low SES families. The lower levels of parenting may suggest that the recentering process starts earlier for low SES emerging adults. In addition to lower levels of financial parenting advice at each wave, lower income participants in our sample were more likely to be financially on their own when they started college, reflective perhaps of an “expedited adulthood” (Deluca, Clampet-Lundquist, & Edin, 2016). In this sense, they would be less likely to depend on parents for financial assistance to handle unexpected expenses or changing financial responsibilities, and this could account for the differences in financial behavior. These findings are consistent with Gudmunson and Danes (2011) who note the connection between the financial choices people make and the resources available to them in real-life situations. Even among college graduates, the lengthening transition to adulthood may reflect different financial realities, starting earlier for students from low-income families.

The difference in healthy financial behaviors between participants from high and middle SES families at W2 further suggests that access to more parental resources may alter the length of the recentering process. Specifically, in the early transition from college to career (W2, fourth year of college), emerging adults from high SES families may have had fewer financial constraints compared to their low or middle SES peers (e.g., relying on student loans) and potentially had access to parental financial resources to manage increasing financial demands (e.g., graduation, job search, relocation). It is possible that for middle SES college graduates, the recentering process may not begin earlier, but it may take longer to complete.

As expected, we found that first-generation college graduates received less financial parenting at each wave; this is not surprising as the vast majority (89%) of first-generation college graduates in our sample were from low-income families. What is interesting is that despite consistently receiving less financial parenting compared to their continuing-generation peers, there were no differences in their financial behavior, until the significant but small effect at W3. It may be that access to additional financial resources during college (e.g., Pell-grants, student loans, scholarships) may have compensated for lack of parental financial support or advice. However, once they graduated college, those resources were no longer available to them which may account for the slight difference in financial behaviors at W3 between the first-generation college graduates and their continuing-generation peers.

Given the mixed findings of earlier studies regarding gender differences in finances (e.g., Lyons, 2004; Worthy et al., 2010), we were not surprised to find that women's healthy financial behavior was lower than men's, but only at W1. We also were not surprised that implicit financial parenting was higher for women compared to men, but only at W2. It is possible that women look to their parents for financial support and advice longer than do men (Fingerman et al., 2009; Garrison & Gutter, 2010) and thus may defer taking responsibility for their finances. It is also possible that the findings reflect different parenting practices for sons and daughter (Agnew & Cameron-Agnew, 2015; Newcomb & Rabow, 1999) and different financial expectations (Newcomb & Rabow, 1999). It is worth noting that the effect sizes were very small, and that there were no differences at W3, suggesting that there may be few gendered financial differences, at least among college-educated emerging adults.

The lack of significant findings regarding racial/ethnic differences in this study may reflect the demographics of our sample. In addition to our participants being predominantly

White, many non-White participants also identified as middle or high-income (the exception being the small subsample of Native American emerging adults, $n=17$), and thus we did not find differences in mean levels of financial parenting or behavior.

Limitations

Although the study provides insights into recentering during emerging adulthood, there are limitations that merit consideration. First, we relied on self-reported data obtained from participants, thus introducing a threat of shared reporter variance that could inflate associations among variables. Our research interest, however, is on the internal process by which emerging adults internalize and act on the financial socialization they received from their parents. It would be beneficial to also examine these associations with reports from parents *and* emerging adults. Second, our findings are based on examination of mean-level differences in the variables of interest, given our focus on how socialization and behavior co-occur. Third, our measure of financial parenting focus on basic money management practices and thus may not capture a change in the type of interactions that occur between parents and grown children. This is an important direction for future research. Fourth, the findings on the differing effects of systemic and structural factors in particular warrant further research to understand the associations between these factors (race/ethnicity/social class/gender/first-generations college student), as well as combinations of these factors, affect recentering process and pathways to adulthood. Finally, although we relied on longitudinal data to test our hypotheses, the data were collected from a college cohort of emerging adults in the US and may not generalize beyond the current sample. Future research in more heterogeneous samples of emerging adults, including those not in college and emerging adults outside the US is needed.

Conclusions

Despite its limitations, our findings do provide evidence that a gradual transfer of responsibility occurs during emerging adulthood – a learning curve that takes the emerging adult away from parent-directed behavior and toward self-directed financial decision making, extending the literature on the longitudinal influence of parental financial socialization. Our work also supports the notion that the transfer from parent-directed to self-directed financial behavior is not necessarily a smooth transition. Our study, we believe, also makes a novel contribution that surrounds the evidence on the impact of social and economic conditions of the individual and the family on the timing and the length of the recentering process. In an era of worldwide employment volatility particularly with respect to emerging adults who lack higher education (OECD, 2019), this study invites further investigation into the role of finances in the transition to adulthood.

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