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# Financial Help-Seeking Behaviors of Young Adults

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*The financial help-seeking behaviors of Millennials are explored and guided by the Family Financial Socialization conceptual model developed by Gudmunson and Danes (2011). Using data from the 1997 cohort of the National Longitudinal Study of Youth, a random effects probit model was used to estimate the probability of a respondent seeking financial advice at any point in time from 2006 to 2013. Results indicate personal and family demographic characteristics are associated with the decision to seek financial advice. Further analysis was conducted to determine the probability of seeking help from a financial professional. Among those who sought help, gender, marital status, income, education, financial knowledge, and parent education were significant predictors in the decision to seek help from a professional rather than a non-professional.*

*Keywords: financial help-seeking; financial socialization; Millennials*

## INTRODUCTION

A new generation is reaching young adulthood, a generation much different from the others – the Millennials. The Millennials (a.k.a. Generation Y) are most commonly defined as individuals born between 1980 and 1995. Numbering over 80 million (Cutler, 2015), Millennials are the largest, most racially diverse, college-educated, tech savvy generation of all time (Chambers, 2015). They are also saddled with debt. According to a study by the TIAA-CREF Institute, 55% of Millennials have student loan debt, 41% have a home mortgage, and 41% have a car loan (de Bassa Scheresberg et al., 2014). As if this burden of debt was not enough, the Millennials face a future where Social Security may not pay out as much, or as early, for retirement benefits when they retire (Chambers, 2015). Nearly 52% of Millennials between ages 25 and 34 say they are concerned about having enough funds in retirement to live comfortably (PR Newswire, 2014). Yet because of their large amount of debt, many Millennials do not feel they have money to spare for retirement savings (Chambers, 2015).

These worries are causing a significant amount of financial stress for this generation of young adults. One study found that 76% of Millennials reported experiencing financial

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stress – significantly more than reported by other generations (PwC, 2019). In addition, the financial literacy levels of these young adults is also of concern. Nearly 80% of college-educated Millennials rate their financial knowledge level as high, yet only 37% are able to correctly answer three out of five financial knowledge questions (de Bassa Scheresberg et al., 2014).

Millennials may feel less financially secure than previous generations (PwC, 2019) and struggle with financial knowledge, but they do have hope. Over the next 30 years, Millennials and Generation X are expected to inherit $30 trillion in wealth (Roberge, 2015). In addition, they are more open than previous generations about discussing two of the most taboo topics around: finances and mental health (Hoffower, 2020), making them prime candidates for financial counseling, planning, and therapy. Given their significant financial worries, lack of financial knowledge, and potential for influx of wealth, these questions arise: Who will help these young adults manage their debt, plan for retirement, and utilize their inheritance wisely? Does family background and/or financial socialization in childhood influence the decision to seek help with financial issues as adults? This study sought to identify the characteristics of young adults that are associated with (a) seeking financial advice and (b) seeking advice from a financial professional.

The current study tested segments of the family financial socialization model developed by Gudmunson and Danes (2011), which suggests personal and family characteristics influence the reception of financial socialization. Using this framework, seeking financial advice from financial planners, family, friends, and/or co-workers could be viewed as a form of explicit socialization. A series of random effects probit regressions were conducted using data from the 1997 cohort of the National Longitudinal Study of Youth (NLSY97) to determine predictors of seeking financial advice from anyone (professional or non-professional), as well as the predictors of seeking their advice from a financial professional.

## THEORETICAL FRAMEWORK

This study utilized the Family Financial Socialization (FFS) model developed by Gudmunson and Danes (2011) to determine the predictors of seeking financial advice, as well as predictors of seeking the advice most often from a financial professional. The FFS model suggests demographic variables, such as gender, age, education, and race, as well as family characteristics, like socioeconomic status and family size, impact both implicit and explicit financial socialization (Danes & Yang, 2014; Gudmunson & Danes, 2011). While the model does not explicitly detail the direction of influence each of the personal and family characteristics have on socialization, the present study posits respondent education will be positively associated with help-seeking, as higher education implies a greater willingness to learn, which is imperative to socialization. For this study, parenting style was examined as a component of implicit socialization, as the FFS model predicts that family relationships influence how explicit socialization is received (Danes & Yang, 2014; Gudmunson & Danes, 2011). The present study viewed seeking financial advice from friends, family, co-workers, or financial professionals as purposive (or explicit) financial socialization. The FFS model also proposes a direct relationship between implicit and explicit financial socialization

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(Danes & Yang, 2014; Gudmunson & Danes, 2011). To test this relationship, the present study examined whether receiving an allowance in youth influenced the propensity to seek financial advice as a young adult. Receiving an allowance was viewed as implicit financial socialization, as allowances are not always given with explicit direction on how it should be allocated. Though not tested in the present study, the FFS model further postulates family interactions and relationships and financial socialization influence financial attitudes, knowledge, and capabilities, which in turn affect financial behaviors and well-being. The present study focuses solely on the antecedents of purposive financial socialization in the form of financial help-seeking.

## LITERATURE REVIEW

Financial socialization is the process by which individuals acquire and develop values, attitudes, knowledge and behavior regarding finances (Danes, 1994). Parents are most prominently thought of as the primary socialization agent for children; however, socialization is a lifelong process, influenced not only by primary caregivers, but by educators, romantic partners, friends, family, and coworkers (Gudmunson et al., 2016). Socialization can occur through both implicit and explicit means. A common method of socialization used by parents is the allotment of an allowance. Allowances provide children with the opportunity to manage their own financial resources. Some parents choose to have their children work for allowances, while others may give an allowance without expectations of the children. Allowances are sometimes given with rules and expectations on how it is to be utilized, while others may be given without any restrictions on use (Beutler & Dickson, 2008; Furnham, 1999).

The effectiveness of allowance giving as a method of financial socialization is debatable, with many studies finding allowance to be ineffective in influencing financial behaviors (Kim & Chatterjee, 2013; Kim et al., 2011; Kolodziej et al., 2014; Mandell, 2013). In a study conducted for the Jump$tart Coalition, Mandell (2001) found that students who received an unconditional allowance had lower financial literacy scores and knew less about saving, spending, and credit than children who received an earned allowance or those who were not given an allowance. Communicating expectations with an allowance has been shown to have a positive influence on financial behaviors. In a study examining strategies for teaching children to save, Bucciol and Veronesi (2014) found that when parents gave an allowance along with financial advice and exerted some control over its usage, their children had an increased propensity to save and saved more than children just given an allowance without advice or controlled usage. In the same study, however, Bucciol and Veronesi (2014) also found that giving an allowance in itself was not enough to stimulate savings, and in fact, giving advice and controlling finances without an allowance had a stronger effect on saving behavior. Similarly, Lassarre (1996) and Pliner et al. (1996) suggested that talking with children about money and giving advice on how to utilize it might be more important than giving an allowance.

The quality of family relationships, such as the warmth and support between family members, may influence the success of explicit attempts at financial socialization (Gudmunson & Danes, 2011). Parenting style may reflect the nature of the relationship

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between parent and child. Research regarding parenting style frequently categorizes parenting style into four categories based on the perceived warmth and supportiveness of the parent and the level of expectation and control in rule setting (Maccoby & Martin, 1983). Parents who are warm and supportive yet set rules and limitations for their children are considered to be authoritative parents. Parents who are uninvolved do not typically show support or set rules or expectations for their children. Permissive parents are those who are supportive, yet lack discipline or control over their offspring. Authoritarian parents are typically controlling and unsympathetic. Many positive effects have been linked to authoritative parenting, including higher levels of academic achievement (Kimmes & Heckman, 2017, Majumder, 2016), greater cognitive ability, ability to delay gratification (Kimmes & Heckman, 2017), and saving in adolescence (Ashby et al., 2011).

Many studies have been conducted to identify who is more likely to seek professional financial advice. Women are more likely than men to seek financial advice (Finke et al., 2011; Joo & Grable, 2001; Loibl & Hira, 2011; Zhang, 2014), as are those who are older, wealthier, or have higher income (Finke et al., 2011; Grable and Joo, 2001; Joo & Grable, 2001; Letkiewicz et al., 2016; West, 2012; Zhang, 2014). Individuals with higher risk tolerance and positive financial behaviors are also more likely to seek professional financial advice (Grable & Joo, 2001; Joo & Grable, 2001); however, those with financial stressors are also more likely to seek financial advice (Grable & Joo, 1999; Letkiewicz et al., 2016; Lim et al., 2014). Higher levels of financial knowledge are associated with receiving financial advice (Calcagno & Monticone, 2015; Collins, 2012; Robb et al., 2012). In a study comparing generational cohorts' response to the Great Recession, members of the Baby Boomers and Generation X were more likely to have sought professional financial advice compared to members of the Generation Y cohort (Zick et al., 2012). Generation Y, however, was more likely to have increased their efforts to learn about personal finance on their own than other cohorts.

When it comes to seeking financial advice, nearly 33% of Millennials say they turn to social media as a source of financial information, while 60% turn to friends, family, and coworkers (TD Ameritrade, 2011). Parents are the preferred source of financial advice for this generation, with nearly 52% ranking their parents as whom they would seek advice from first (Perry, 2015). Millennials also seek advice from financial professionals, with 38% reporting they have sought professional help for saving and investing, 35% for loan or mortgage advice, and 15% for debt counseling (de Bassa Scheresberg et al., 2014).

The financial knowledge levels of young adults are consistently low, with women, people of color, and lower income individuals displaying significantly lower financial knowledge than other groups (de Bassa Scheresberg, 2013; Letkiewicz & Fox, 2014; Lusardi & Mitchell, 2011; Lusardi et al., 2010). This lack of financial understanding could be detrimental to financial behaviors and outcomes, as concepts such as interest rates, compounding, and asset diversification are paramount to financial planning and wealth accumulation. Individuals with lower financial literacy are less likely to own stocks (Lusardi & Mitchell, 2011; van Rooij et al., 2011; van Rooij et al., 2012), more likely to use high cost borrowing (de Bassa Scheresberg, 2013), and less likely to save for retirement or emergencies (de Bassa Scheresberg, 2013; Lusardi & Mitchell, 2011; van Rooij et al., 2012). One study examining the relationship among conscientiousness, financial literacy, and the

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accumulation of assets found that a one standard deviation increase in financial literacy was associated with a 60% increase in illiquid assets (e.g., home equity, business equity, stocks, mutual funds, bonds, retirement accounts, and certificates of deposit) and a 30% increase in liquid assets (e.g., checking and savings accounts) (Letkiewicz & Fox, 2014).

Risk tolerance is defined as "the maximum amount of uncertainty someone is willing to accept when making a financial decision" (Grable, 2008 p. 4). Used by many financial professionals to determine appropriate investment choices for their clients, risk tolerance may also influence how individuals invest for their short- and long- term goals, such as a down payment for a house, saving for their children's education, or retirement (Grable, 2008). Research on risk tolerance has repeatedly found young, single, white males with higher income and higher education to have greater risk tolerance (Gibson et al., 2013; Grable, 2000, 2008; Yao et al., 2011). Individuals with higher financial knowledge are also more likely to be risk tolerant (Gibson et al., 2013; Grable, 2000, 2008). A study on the effect of age and risk tolerance found that while risk tolerance decreased with age, there was no significant association with generational cohorts on risk tolerance (Yao et al., 2011).

## HYPOTHESES

Based on the Family Financial Socialization conceptual model and results of previous literature, the following hypotheses were tested:

H1: Receiving an allowance will be positively associated with seeking financial advice.
H2: Respondent's education will be positively associated with seeking financial advice.
H3: Having an authoritative parent will be positively associated with seeking financial advice.
H4: Higher financial knowledge will be positively associated with seeking financial advice.
H5: Higher risk tolerance will be positively associated with seeking financial advice.

## METHODOLOGY

### Sample

The current study used data from the 1997 cohort of the National Longitudinal Survey of Youth (NLSY97). The NLSY97 is a longitudinal survey of individuals born between 1980 and 1984. These individuals were surveyed over 16 waves, beginning in 1997. At the time of the first interview (1997), respondents' ages ranged from 12 to 18. Questions regarding financial help-seeking behavior, as well as measurements for financial knowledge and risk tolerance, have been asked over several waves, allowing for these data to be useful in analyzing help seeking behavior of young adults. The following section outlines the operationalization of variables for the current study.

### Analysis

Following the FFS conceptual model shown, the personal and family characteristics were examined as determinants of financial help seeking using a random effects probit

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model. Given the longitudinal nature of the NLSY97, panel methods such as fixed effects and random effects models can account for unobserved heterogeneity (or individual-level effects). The random effects model is the more appropriate specification because we are interested in both time-variant and time-invariant effects. The dependent variable in Model 1 is a binary variable indicating help-seeking from any source (sought advice = 1). We therefore estimate a random effects probit model via maximum likelihood estimation. Let help-seeking status for individual *i* in period $t$ ($y_{it}$) be a function of a vector of time-invariant independent variables ($X_i{}'\beta$), time-varying independent variables ($Z_{it}{}'\gamma$), and a composite error term ($v_{it}$):

$$y_{it} = \alpha + X_i{}'\beta + Z_{it}{}'\gamma + v_{it}.$$

The composite error term consists of an individual-level random effect ($c_i$) and an idiosyncratic error term ($\varepsilon_{it}$). That is,

$$v_{it} = c_i + \varepsilon_{it}.$$

In order to understand the characteristics associated with seeking help from a professional rather than some other source, we ran a second random effects probit model using only respondents who indicated help-seeking. In Model 2, the outcome variable, seeking help from a professional (coded 1) rather than a non-professional (coded 0) was regressed onto the same predictor variables in Model 1.

## Dependent Variable

Two dependent variables were used in the current study to examine financial help-seeking. The first dependent variable was defined as purposively seeking financial advice from another individual. The NLSY97 asked respondents in the 2006 to 2013 waves[1], "In the past twelve months, have you talked with anyone about how to handle your finances – for example, how you manage your money or whether or not to get a credit card?" If respondents answered yes, they were then asked the follow up question: "In the past twelve months, who have you talked with about money issues most often?" Responses included their biological or adoptive mother, biological or adoptive father, step-parent, brother or sister, another relative, spouse/partner/boyfriend/girlfriend, another friend or personal acquaintance, someone with professional expertise in the field, someone in a different field with whom they have a professional relationship, someone else, no one, spouse or partner's family members, or God. The second dependent variable was defined as seeking help from someone with professional expertise in the field (also referred to as professional financial help-seeking).

As shown in Table 1, from 2006 to 2009 the proportion of those seeking help varied between about 24 and 28%. From 2010 to 2013, the proportion of those seeking help varied between about 18 and 20%. Among those who sought help, very few sought help from

[1] The NLSY97 switched from an annual survey to a biannual survey beginning in 2011, so respondents were not surveyed in 2012.

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professionals. The proportion of those seeking professional help varied between a low of about 9% to a high of about 18% in the time period from 2006 to 2013.

**Time-Variant Independent Variables**

Time-variant independent variables, reported in Table 2, contained characteristics that change over time and for which the NLSY collects regularly. These variables included income, education, marital status, number of children, and US census region of residence. Income was measured as a continuous variable using a combined total income of respondent's annual income and spouse/partner's annual income. Due to the skewed distribution of income, the variable was transformed by taking the log of income for the multivariate models. Education was represented as the highest degree received by the respondent and was treated as a categorical variable. For the majority of the sample, high school was the highest education completed across all years.

Marital status was treated as a categorical variable. From the available response options, categories were reduced to single (non-cohabitating), couple (cohabitating), and married (both present and absent spouses). A majority of the sample was single across all years from 2006 to 2013. Number of children was treated as a continuous variable, measured by the number of biological children in the household. Region was measured using the census region of residence for each year from 2006 to 2013; categories included North Central, Northeast, West, and South.

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Table 1

*Sample Summary: Time-Variant Variables*

| | Proportion/Mean | | | | | | |
|---|---|---|---|---|---|---|---|
| Variable | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2013 |
| Sought Help | 25.35% | 27.71% | 26.65% | 24.51% | 17.88% | 19.59% | 17.91% |
| Sought Professional Help (\|Sought Help= 1) | 11.20% | 12.05% | 8.82% | 12.19% | 15.31% | 12.34% | 17.92% |
| Income | $56,390 | $57,589 | $61,391 | $63,011 | $62,059 | $66,095 | $71,079 |
| Education | | | | | | | |
| Less than HS | 11.44% | 10.38% | 9.79% | 9.35% | 8.75% | 8.27% | 7.33% |
| HS/GED | 59.60% | 56.07% | 53.23% | 51.99% | 51.01% | 50.38% | 48.76% |
| Associates | 8.29% | 8.58% | 9.31% | 9.65% | 9.91% | 10.29% | 11.62% |
| Bachelor's | 19.27% | 22.79% | 24.27% | 24.56% | 24.36% | 23.80% | 23.25% |
| Graduate | 1.40% | 2.17% | 3.42% | 4.45% | 5.97% | 7.26% | 9.04% |
| Marital Status | | | | | | | |
| Single | 59.50% | 55.17% | 49.94% | 47.86% | 46.04% | 44.27% | 39.68% |
| Partner | 17.99% | 18.73% | 21.04% | 20.40% | 19.23% | 18.19% | 17.79% |
| Married | 22.51% | 26.10% | 29.02% | 31.74% | 34.73% | 37.54% | 42.53% |
| Number of Children | 0.4651 | 0.5416 | 0.6359 | 0.7001 | 0.7812 | 0.8586 | 1.03 |
| Region | | | | | | | |
| North East | 13.63% | 13.44% | 13.29% | 13.24% | 13.56% | 13.52% | 13.64% |
| North Central | 24.43% | 23.95% | 24.05% | 23.78% | 23.47% | 23.28% | 23.43% |
| South | 39.59% | 40.13% | 40.16% | 40.38% | 40.27% | 40.41% | 40.62% |
| West | 22.34% | 22.48% | 22.50% | 22.60% | 22.70% | 22.79% | 22.31% |

Source: 2006-2013 waves of the NLSY97.

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### Time-Invariant Independent Variables

Time-invariant explanatory variables, reported in Table 2, include variables that do not change over time and also time-variant variables for which we have only a single observation in the NLSY97. For the current study, time-invariant variables include sex, race/ethnicity, financial knowledge, risk tolerance, parent education, family poverty ratio (1997), cognitive ability, parenting style, and receipt of allowance.

Table 2

*Sample Summary: Time Invariant Variables*

| Variable | Proportion/Mean |
|---|---|
| Male | 49.62% |
| Female | 50.40% |
| Race/Ethnicity | |
| White | 55.65% |
| Black | 23.39% |
| Hispanic | 17.59% |
| Other | 3.37% |
| Financial Knowledge | 1.83 |
| Risk Tolerance | 3.96 |
| Parent Education | |
| Less than High School | 14.70% |
| High School | 30.78% |
| Some College | 27.54% |
| Bachelors | 14.28% |
| Graduate | 12.70% |
| Family Poverty Ratio (1997) | 295.6 |
| ASVAB | 48.26 |
| Authoritative Parenting Style | 41.90% |
| Received Allowance 1997 | 53.08% |

Source: 2006-2013 waves of the NSLY97.

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Approximately half of the respondents were female (50%) and White (55%). Objective financial knowledge was measured by a sum of correct responses to three basic personal finance questions (shown below) in 2007. Respondents could answer “Don’t know” to each of the questions; these responses were coded as incorrect responses. Therefore, scores ranged from zero to three, with higher scores representing increased financial knowledge. The mean financial knowledge score for the total sample was 1.76 out of 3, which equates to a score of about 60%. The questions included each of the following:

1. Do you think that the following statement is true or false? Buying a single company stock usually provides a safer return than a stock mutual fund. [True or **False]**

2. Suppose you had $100 in a savings account and the interest rate was 2 percent per year. After 5 years, how much do you think you would have in the account if you left the money to grow:
   a. **More than $102**
   b. Exactly $102
   c. Less than $102

3. Imagine that the interest rate on your savings account was 1 percent per year and inflation was 2 percent per year. After 1 year, would you be able to buy more than, exactly the same as, or less than today with the money in this account?
   a. More than today
   b. Exactly the same as today
   **c. Less than today**

Financial risk tolerance, measured in 2010, represents how willing a person is to take risks in financial situations. Respondents were asked to answer the following question regarding financial risk tolerance: “People can behave differently in different situations. How would you rate your willingness to take risks in financial matters? Rate your willingness from 0 to 10, where 0 means ‘unwilling to take any risks’ and 10 means ‘fully prepared to take risks.’” The mean risk tolerance score for the total sample is 4.01, indicating that a majority of the sample was risk averse. Parent education was measured using the parent’s highest level of education.

The NLSY97 includes a ratio of household income to poverty level. We used the family poverty ratio in 1997 as an indicator of the family’s economic status. The average family poverty ratio for 1997 was 291%. NLSY97 participants voluntarily chose to complete the Armed Services Vocational Aptitude Battery (ASVAB) test in 1999 which covers mathematical knowledge, arithmetic reasoning, paragraph comprehension, and word knowledge. For the current study, the ASVAB percentile score was used as an indicator of the cognitive abilities of the respondent. The mean ASVAB percentile score for the sample is 47%.

Mother’s parenting style was used as an indicator of family relationships. The NSLY97 reports the mother’s and father’s parenting style by coding responses to two questions regarding the mother’s supportiveness and permissiveness towards the respondent on the

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1997-2000 surveys. The mother's parenting style from 1997 was used because the percent missing in the full NLSY1997 sample ranges from about 5% in 1997 to a range of 31% to 50% in the following years. The father's parenting style from 1997 was used if the mother's parenting style was not available in order to retain more cases. This study focused on the mother's parenting style due to data limitations; the father's parenting style was missing in 1997 for about 29% of the sample (compared to only 5% for mother's parenting style). For convenience, we will refer to mother's parenting style although the variable represents the father's parenting style for about 5% of the full sample.

Note that the respondents' mothers were not necessarily the biological parent of the respondent, but rather the mother figure to the respondent (i.e., in the home residence). Four parenting styles are reported: uninvolved, permissive, authoritative, and authoritarian. Uninvolved parents were those who were unsupportive and lacked strictness. Permissive parents were those who were supportive and lacked strictness. Parents who were supportive yet strict were categorized as authoritative. Parents who were unsupportive and strict were categorized as authoritarian. For this study, a binary variable, indicating authoritative mother parenting style (coded 1), was used as a predictor of financial help seeking and thought to be indicative of family relationships.

According to the FFS model, receiving an allowance is considered a form of explicit financial socialization. This study sought to examine if previous socialization, such as receiving an allowance, would influence whether or not a respondent would seek financial help. Respondents were asked whether they received an allowance from their family any time during 1996. Fifty-three percent of the sample reported receiving an allowance in 1996.

## RESULTS

### Multivariate Analyses

Two random effects probit models were tested in order to estimate the influence of personal and family characteristics on financial help-seeking and, among those who sought help, the probability of seeking advice most often from a financial professional. Model 1 examined the influence of gender, race, education, parent education, family poverty ratio, marital status, log income, ASVAB, receipt of allowance as a child, having an authoritative parent, region, and number of biological children as predictors of whether or not a person might seek financial help. Model 2 tested the influence of the same variables among those who sought help, on the decision to seek help from a financial professional.

**Model 1**. Results from Model 1, shown in Table 3, indicated that gender, education, number of children, log income, ASVAB, parent education, financial knowledge, and financial risk tolerance were significantly associated with financial help-seeking. Compared to females, being male was associated with a five percentage point decrease in the probability of seeking financial advice of any kind (AME = -.05, $p < .001$). Having a bachelor's degree (AME = .05, $p < .001$) or a graduate degree (AME = .06, $p < .001$) was associated with a five and six percentage point increase (respectively) in the probability of seeking financial help, compared to those with a high school diploma or GED. A one point increase in financial

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knowledge was associated with a one percentage point increase in the probability of seeking financial advice (AME = .01, $p$ = .02). Individuals whose parents had a bachelor's degree (AME = .05, $p$ < .001) had a five percentage points increase in the probability of seeking help, compared to those whose parents had a high school education, while those whose parents had a graduate degree (AME = .10, $p$ < .001) had a 10 percentage point increase in probability of seeking help. In addition, as the number of children increased, the probability of seeking financial advice decreased by almost two percentage points (AME = -.02, $p$ = .02).

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Table 3

*Random Effects Probit Regression Results of Financial Help-Seeking*

| **Variable**[a] ($N$=4,043) | **Coef.** | **SE** | ***p*-value** | **Average Marginal Effect** |
|---|---|---|---|---|
| Male | -0.248 | (0.042) | **<.001** | -0.050 |
| Black | 0.060 | (0.057) | 0.295 | 0.012 |
| Hispanic | -0.103 | (0.061) | 0.091 | -0.021 |
| Other | -0.100 | (0.109) | 0.361 | -0.020 |
| Married | -0.031 | (0.036) | 0.394 | -0.006 |
| Couple | 0.011 | (0.037) | 0.761 | 0.002 |
| Biological Children | -0.088 | (0.038) | **0.019** | -0.018 |
| Log Income | 0.022 | (0.008) | **0.008** | 0.004 |
| HS Drop | -0.102 | (0.071) | 0.154 | -0.021 |
| Associates | 0.003 | (0.053) | 0.957 | 0.001 |
| Bachelor | 0.220 | (0.045) | **<.001** | 0.045 |
| Graduate | 0.281 | (0.071) | **<.001** | 0.057 |
| Northeast | -0.057 | (0.062) | 0.363 | -0.011 |
| West | 0.028 | (0.054) | 0.597 | 0.006 |
| South | -0.064 | (0.048) | 0.186 | -0.013 |
| ASVAB | 0.011 | (0.001) | **<.001** | 0.002 |
| Risk Tolerance | 0.035 | (0.008) | **<.001** | 0.007 |
| Financial Knowledge | 0.055 | (0.024) | **0.024** | 0.011 |
| Family Poverty Ratio 1997 | 0.000 | (0.000) | 0.058 | 0.000 |
| Parent Less than HS | 0.063 | (0.069) | 0.361 | 0.013 |
| Parent Some College | 0.137 | (0.053) | **0.010** | 0.028 |
| Parent Bachelor | 0.248 | (0.066) | **<.001** | 0.050 |
| Parent Graduate | 0.473 | (0.073) | **<.001** | 0.096 |
| Authoritative Parent | 0.053 | (0.040) | 0.192 | 0.011 |
| Allowance 1997 | 0.030 | (0.040) | 0.459 | 0.006 |
| Constant | -2.211 | (0.120) | <.001 | - |
| $\rho$ | .4773 | | | |
| $ln$L | -10669.419 | | | |

Source: Unweighted regression of the 2006-2013 waves of the NLSY97.
[a] Reference categories: female, white, single, HS, North Central, parent HS, no allowance
$\rho$ is the proportion of total variance contributed by the individual-level variance estimate.

**Model 2.** Gender, marital status, log income, education, parent education, and financial knowledge were found to be significant predictors of seeking professional financial help. Being male, as compared to female, was associated with a four percentage point

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increase in probability of seeking financial advice from a professional (AME = .04, *p* = .002). Compared to single individuals, married individuals were six percentage points less likely to seek professional advice (AME = -.06, *p* = .000), while coupled individuals were four percentage points less likely to seek professional advice (AME = -.04, *p* = .007). Compared to those with a high school diploma or GED, having a bachelor's degree (AME = .04, *p* = .006)was associated with an increased probability of seeking advice from a professional by four percentage points, while having a graduate degree (AME = .08, *p* = .000)was associated with an increased probability of seeking professional help by eight percentage points. Higher parent education levels were associated with a decreased probability of seeking help from a professional. Full results are presented in Table 4.

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Table 4

*Random Effects Probit Regression Results of Seeking Help from a Professional*

| **Variable** ($n$=2,168) | **Coef.** | **SE** | ***p*-value** | **Average Marginal Effect** |
|---|---|---|---|---|
| Male | 0.293 | (0.095) | **0.002** | 0.038 |
| Black | 0.160 | (0.131) | 0.223 | 0.021 |
| Hispanic | -0.035 | (0.143) | 0.809 | -0.004 |
| Other | -0.159 | (0.239) | 0.505 | -0.021 |
| Married | -0.424 | (0.098) | **0.000** | -0.055 |
| Couple | -0.281 | (0.105) | **0.007** | -0.036 |
| Biological Children | 0.039 | (0.050) | 0.441 | 0.005 |
| Log Income | 0.055 | (0.026) | **0.032** | 0.007 |
| HS Drop | -0.228 | (0.232) | 0.326 | -0.029 |
| Associates | 0.102 | (0.140) | 0.464 | 0.013 |
| Bachelor | 0.293 | (0.107) | **0.006** | 0.038 |
| Graduate | 0.585 | (0.153) | **0.000** | 0.076 |
| Northeast | -0.180 | (0.143) | 0.207 | -0.023 |
| West | 0.009 | (0.121) | 0.941 | 0.001 |
| South | -0.166 | (0.112) | 0.138 | -0.022 |
| ASVAB | -0.003 | (0.002) | 0.168 | 0.000 |
| Risk Tolerance | 0.030 | (0.018) | 0.105 | 0.004 |
| Financial Knowledge | 0.153 | (0.058) | **0.008** | 0.020 |
| Family Poverty Ratio 1997 | 0.000 | (0.000) | 0.167 | 0.000 |
| Parent HS Drop | -0.157 | (0.172) | 0.361 | -0.020 |
| Parent Some College | -0.078 | (0.121) | 0.519 | -0.010 |
| Parent Bachelor | -0.322 | (0.146) | **0.027** | -0.042 |
| Parent Graduate | -0.542 | (0.159) | **0.001** | -0.070 |
| Authoritative Parent | -0.117 | (0.091) | 0.197 | -0.015 |
| Allowance 1997 | -0.163 | (0.090) | 0.072 | -0.021 |
| Constant | -2.297 | (0.340) | 0.000 | - |
| $\rho$ | 0.6067 | | | |
| $ln$L | -1837.7164 | | | |

Source: Unweighted regression of the 2006-2013 waves of the NLSY97.
[a] Reference categories: female, white, single, HS, North Central, parent HS, no allowance.
$\rho$ is the proportion of total variance contributed by the individual-level variance estimate.

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## DISCUSSION

The results of this study enrich our understanding of the financial help-seeking behaviors of Millennials and provide further support for the tested portions of the FFS conceptual model developed by Gudmunson and Danes (2011). One particularly concerning trend shown in the data is the apparent lack of any discussion about finances, whether with a financial professional or even friends, family, spouse, or parents over the years. Help-seeking ranges from 18% to 28% over the years of this study. As participants' age and the number of married respondents increases, the percentage of respondents seeking financial advice decreases. Because seeking advice from a spouse is included in help-seeking data, one would expect individuals to at least be discussing finances with their partner. Is this a trend only with Millennials or is it reflective of a common issue among couples?

Communication issues are a frequent presenting issue for adult clients of marriage and family therapists (Durband, Britt, & Grable, 2010; Miller, Yorgason, Sandberg, & White, 2003), and have been linked to financial conflict (Dew & Stewart, 2012). Respondents in relationships may be avoiding financial conversations with partners in order to avoid financial arguments, yet this does not explain the lack of financial help-seeking in general. Another possible explanation for the lack of financial help-seeking by respondents may simply be related to confusion over the survey questions. The lead in question asked, "In the past twelve months, have you talked with anyone about how to handle your finances – for example, how you manage your money or whether or not to get a credit card?" Coupled respondents may have interpreted "your money" as individual finances, and discounted couple conversations about joint finances when answering the question. Future research should examine help-seeking behaviors among other generational cohorts to determine if this lack of financial help-seeking is due to unique characteristics of Millennials, or if there is a general uneasiness about discussing finances with others.

As proposed by the FFS conceptual model, several personal and family characteristics are found to significantly influence financial help-seeking. Contrary to previous literature (Finke et al., 2011; Joo & Grable, 2001; Loibl & Hira, 2011; Zhang, 2014), our study finds women are more likely than men to seek financial advice. This difference in findings is likely due to the fact that our measure of help-seeking included non-professional sources. Our results indicate that, conditional upon seeking help, men are more likely than women to seek help most often from a financial professional than from other sources.

In contrast to Hypothesis 1, receiving an allowance was not found to be associated with financial help-seeking behaviors. These results may be due to how receipt of allowance was measured. Respondents were asked whether they received an allowance from their family any time during 1996; however, there was no indication of whether the allowance was received on a regular basis, or if parents communicated any financial advice or expectations with the allowance. Receiving an allowance on a regular basis may be more indicative of purposive financial socialization, rather than periodic receipt of pocket money. Results may also differ if the data contained information on parental communications regarding the allowance. Previous research suggests communicating expectations regarding

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use of allowance may positively influence financial behaviors (Bucciol & Veronesi, 2014; Lassarre, 1996; Pliner et al., 1996).

An association between education level and the decision to seek financial advice is found among the respondents, supporting Hypothesis 2. Individuals with a bachelor's degree or higher are more likely to seek financial advice than individuals with a high school diploma or GED. One explanation for this finding is that individuals with higher education may have a tendency to seek greater amounts of information in general. Because of this tendency, when faced with financial questions or problems, those with higher education might seek out financial advice. Parent education level is also associated with seeking financial help. Individuals whose parents had some college education or higher are more likely to seek financial advice than those individuals whose parents held a high school diploma or GED; however, individuals with parents who held a bachelor's degree or graduate degree are significantly less likely to seek their help most often from a financial professional. It could be that individuals whose parents have higher levels of education turn to their parents for advice rather than engage a professional.

While there are no significant differences between marital status categories in regards to seeking financial help, individuals who are married or coupled are significantly less likely to seek professional financial advice than single individuals. It could be that partnered individuals choose to discuss joint finances such as money management and whether or not to acquire debt with one another, rather than seek professional advice.

As found in previous literature, higher financial knowledge is associated with an increased probability of seeking financial advice (Calcagno & Monticone, 2015; Collins 2012; Robb et al., 2012), and supports Hypothesis 4. Our analysis found that individuals with higher financial knowledge are more likely to seek financial help and to seek their help most often from a financial professional than from other sources. Individuals with higher financial knowledge may be more aware of their financial situation, as well as more familiar with topics like inflation, interest rates, and purchasing power, thereby increasing their desire to find ways to combat the negative economy through financial help seeking.

Results of this study indicate that individuals with higher risk tolerance have an increased probability of seeking financial help, whether from a professional or a non-professional, than to not seek at help at all. These results support Hypothesis 5 and are similar to Zick et al. (2012) who found risk tolerance to be positively associated with seeking help from a financial advisor. Our results, however, find risk tolerance to only be a predictor of seeking help in general, though not as a predictor of seeking professional help. Individuals with higher risk tolerance wanting to invest in stocks and bonds may be discussing investment options with friends, family, and co-workers to obtain information on their investment performance.

## Limitations

While the focus of this study is help-seeking behaviors of Millennials, using the NLSY97 data only allowed for us to identify behaviors of older Millennials – those born

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between 1980 and 1984. Without additional data, we cannot with confidence assume these behaviors are the same for the entire generational cohort. Future research should be conducted with data having a greater range in respondent ages for Millennials. Ideally, the survey would have collected more specific information regarding help-seeking, such as the frequency of help sought throughout the year, and the reason for seeking financial help. This limitation should be addressed in future studies by asking more questions about the help-seeking. Furthermore, we are limited in our analysis due to lack of information on the sources of professional help. While the data provided much detail on sources of non-professional help, it would be useful to know what types of financial professionals these young adults were engaging, whether they were accountants, financial advisors, financial therapists, bankers, debt counselors, or another professional source. Finally, the parenting style variable is limited given the missing data issues for this variable. Future research should consider analyzing individuals from one parent and two parent families separately in order to capture the individual parent differences.

## Conclusion and Implications

This study adds to the literature by testing portions of the FFS model developed by Gudmunson and Danes (2011). As proposed in the FFS model, personal characteristics, such as gender, education, cognitive ability, financial knowledge, risk tolerance, and log income are found to influence the reception of financial socialization, represented by the decision to seek financial advice. Furthermore, family characteristics, such as number of children and parent education are also found to influence help-seeking. These findings support the concepts in the FFS model, further expanding upon the growing body of work testing an emerging theory in the field of personal finance.

Identifying the financial help-seeking behaviors of young adults provides useful information to financial professionals, therapists, educators, and policy makers. The results of this study show that most young adults do not seek financial help. Personal and family characteristics are found to have a strong, significant relationship with the decision to seek financial advice, as well as the decision to seek that advice from a financial professional. Determining the characteristics of those who are less likely to seek financial help provides financial professionals and financial therapists with the opportunity to reach out to these groups through ad campaigns, seminars, and social media in order to increase awareness of financial issues and sources of help. For some professionals, it may be beneficial to offer niche services, specializing in the financial concerns of single individuals, people of color, women, or those with children.

Mental health professionals who find themselves treating clients who display signs of financial stress, anxiety, or avoidance may want to inquire as to whether or not their client has sought financial advice, and explore the client's reluctance to discuss finances, whether that reluctance is talking with their spouse, partner, family, or a financial professional. Examining the client's childhood and family experiences may expose underlying issues that help explain current financial behaviors, which can be remedied with the assistance of a trained financial therapist. Money genograms, the Money Egg exercise, and the Financial Integration Inventory are tools that can be utilized to aid clients in their journey to financial

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health (Klontz, Kahler, & Klontz, 2016). In addition, when treating couples, marriage and family therapists or financial therapists can evaluate couple communication in specific domains (e.g., sex, money, household chores) to identify if communication about finances is an area of concern for the couple.

The association of financial knowledge with financial help-seeking may provide an opportunity for educators to impact the financial future of our youth. With the support of policy makers, educators can integrate lessons on financial topics into their curriculum beginning in grades K-12. Focusing on primary and secondary education as the foundation of financial education allows for individuals to learn financial lessons they may not get at home. As commonly found in most studies, the financial literacy levels of our youth are consistently low (de Bassa Scheresberg, 2013; Letkiewicz & Fox, 2014; Lusardi & Mitchell, 2011). Policy makers could mandate financial education in the primary and/or secondary education system to break this financial illiteracy cycle. Improving financial knowledge may increase the propensity of young adults to seek financial advice – advice that could provide them with necessary expertise to help them prepare for financial emergencies, save for retirement, and to endure economic hardships.

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