



Evidence in Action

A K20 Center Research Brief

Financial Simulation Activity: The Short-Term Effectiveness of a College-Based Financial Reality Simulation in Building Financial Awareness

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Introduction

Hunter and Gillen (2015) situate their study within a growing concern about the financial vulnerability of college students and recent graduates. The authors describe how rising student loan debt, wage stagnation, and unemployment create high-risk financial conditions for emerging adults. Prior research indicates that low financial literacy among young adults is associated with poor financial decision-making, higher debt accumulation, and long-term economic consequences.

Although many states require financial education in K-12 settings, the literature reviewed by the authors suggests these efforts often fail to produce lasting financial literacy or behavior change. The authors argue that college represents a critical “teachable moment,” as students are transitioning to financial independence and beginning to make high-stakes financial decisions. Despite this need, there is limited empirical evidence on the effectiveness of college-level financial education interventions, particularly experiential simulations.

The purpose of the study was to examine whether participation in a financial life skills simulation improved college students’ financial understanding and their intended changes in financial behavior, addressing a gap in evidence-based, postsecondary financial education practices.

Methodology

Research Design

The study used a non-experimental, retrospective pretest-posttest design. Students completed an evaluation survey at the conclusion of the simulation, reporting their perceived level of financial understanding before and after participation. Paired-sample comparisons were used to assess changes in outcomes.

Sample

Number of participants:



- 970 undergraduate students participated in the simulation
- 697 students completed evaluation surveys (72% response rate)

Grade levels:

- Freshmen (39.3%)
- Sophomores (9.5%)
- Juniors (22.1%)
- Seniors (29.1%)

Participant characteristics:

- 64% female, 36% male
- 43.5% reported student loan debt
- 13.6% reported credit card debt

Setting:

- A state flagship land-grant university
- Campus-wide program offered in the student center

Intervention Descriptions

The intervention was *It's Your Reality (IYR)*, a one-day financial life skills simulation designed by the University of Kentucky Cooperative Extension Service.

During the simulation:

- Students received a simulated one month's salary based on average starting pay for their declared major.
- Students selected a family situation, including whether they planned to have children.
- Participants rotated through simulated "store fronts", including housing, transportation, insurance, groceries, student loan repayment, credit card repayment, and entertainment.
- Volunteers staffed each booth, including local professionals (e.g., car sales representatives).
- A certified financial planner (CFP) staffed a financial distress booth to assist students who exceeded their budgets.
- Students could revise most purchase decisions to see how changes affected their overall budget.
- A "chance" booth introduced unexpected financial events to simulate real-life emergencies.

The simulation emphasized budgeting, financial trade-offs, planning, and linking lifestyle choices to long-term financial outcomes.



Dosage

- Number of sessions: 1 session
- Session length: Average of 50 minutes per student
- Duration: One-day event

Total dosage:

- 1 instructional session
- Approximately 50 minutes of total instructional time

Data Analysis

Researchers analyzed survey data using paired-sample t-tests to compare students' self-reported understanding before and after the simulation. Outcomes included eight financial knowledge indicators and six intended behavior change items. Analyses focused on identifying statistically significant changes in understanding and intentions resulting from participation.

Results

Results indicated statistically significant improvements across all eight financial understanding areas measured.

The largest gains were in:

- Understanding the costs to maintain a household
- Understanding the costs associated with raising a child

Students also reported strong positive shifts in intended financial behaviors:

- 97% intended to think more about how purchases impact their finances
- 96% intended to consider how current financial decisions affect their future
- 93% intended to reduce credit card or debt use

Overall, findings suggest that a short, experiential financial simulation can meaningfully increase college students' financial awareness and prompt reflection on future financial behavior, even after a single exposure.

Application into Practice

This intervention can be used by colleges, universities, and school systems seeking high-impact, short-duration financial literacy experiences tied to real-world decision-making.

Action steps for implementation:

1. Adopt a simulation-based financial education model emphasizing budgeting and lifestyle trade-offs.
2. Assemble a cross-campus planning team, including faculty, student services, and extension or community partners.



3. Recruit and train volunteers to staff simulation stations, including financial professionals when possible.
4. Schedule the simulation as a campus-wide or cohort-based event in a high-traffic location.
5. Allocate approximately 50 minutes per student, with additional planning time for setup and volunteer coordination.
6. Use exit surveys to assess changes in financial understanding and intentions.

Work Cited

Hunter, J. L., & Gillen, M. (2015). The short-term effectiveness of a college-based financial reality simulation in building financial awareness. *NACTA Journal*, 59(4), 293-299.