Consumer College Savings Survey

September 12, 2014
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Objectives & Methodology

- This report presents the findings of a survey conducted among a sample of 1,003 parents of children under age 18. Respondents were 18 years of age and older. This study was intended to:
  - Compare parents’ college savings and debt to their children’s existing or upcoming college savings and debt.

- This survey was live on September 2nd, 2014 and data collection continued through September 7th, 2014.

- Respondents for this survey were selected from among those who have volunteered to participate in online surveys and polls. Because the sample is based on those who initially self-selected for participation, no estimates of sampling error can be calculated. All sample surveys and polls may be subject to multiple sources of error, including but not limited to sampling error, coverage error, error associated with nonresponse, error associated with question wording and response options.
Executive Summary
Executive Summary

- Income level, personal student loan debt and daily living expenses have all contributed to parents not being able to save for their children’s upcoming higher education expenses.

- Of the 47% of parents who did borrow to help pay for their own higher education, most borrowed less than $25,000.
  - 42% still have a remaining balance (average $23,700).

- 53% of parents 50+ did not have to borrow, significantly more than younger parents.
  - Of those who did borrow (average $18,100), 85% report having repaid all of their debt.

- One third of parents are currently prevented from saving for their children’s higher education due to their own remaining debt.
  - Parents age 18-39 are significantly more likely to report this restriction in saving (42% vs. 24% of parents 40+).
Executive Summary Cont.

- Younger parents (18-39) tend to play it safe and keep their child’s college savings in traditional savings accounts, whereas older parents are more willing to put money into investments and 529 Plans.

- Cost of living expenses play a large role in not being able to contribute to children’s higher education for 69% of parents, and significantly more for those age 18-39 than for older parents.
  - Parents age 50+ also report higher income levels compared to younger parents.

- Of those who are saving for their children's higher education fund, most have not saved more than $10,000.
  - When looking at the amount already saved, parents are currently saving more for the eldest child's higher education than for their younger siblings.
Emergency and retirement funds are given higher priority for savings than a child’s education fund.

- Though retirement is given higher priority among parents 50+ (41%), they also rate saving for their children’s education fund highest (20%).
- Parents saving more towards an emergency fund tend to be lower income, younger adults (18-39).

55% of parents expect to have help when paying for their children’s higher education through merit aid, family member support or athletic scholarships.

- Additionally, 56% hope to qualify for financial aid.
Detailed Findings
Four in ten parents report not having to borrow money when paying for their higher education.

- Younger parents (age 18-39) had to borrow significantly more than older parents (40+).

### Parent’s Student Debt from Higher Education
(Undergraduate and Graduate)

<table>
<thead>
<tr>
<th>Amount</th>
<th>18-39 (A)</th>
<th>40-49 (B)</th>
<th>50+ (C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>None, I did not go to college</td>
<td>7</td>
<td>8</td>
<td>12(^A)</td>
</tr>
<tr>
<td>None, I did not need to borrow</td>
<td>36</td>
<td>41</td>
<td>53(^AB)</td>
</tr>
<tr>
<td>$9,999 or less</td>
<td>15</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>$10,000 to $24,999</td>
<td>19(^C)</td>
<td>23(^C)</td>
<td>10</td>
</tr>
<tr>
<td>$25,000 to $44,999</td>
<td>12(^BC)</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>$45,000 or more</td>
<td>11(^BC)</td>
<td>6(^C)</td>
<td>3</td>
</tr>
</tbody>
</table>

C1: How much student debt do/did you have from your higher education (undergraduate and graduate)?
(Base= Total= 1,003)
Of those who borrowed to help pay for higher education, the majority have fully repaid their student debt.

- 85% of parents age 50+ who had to borrow for student loans have already finished paying off their debt.

Parent's Remaining Balance of Student Debt from Higher Education (Undergraduate and Graduate)

- Zero/I have fully repaid it: 58%
- $9,999 or less: 13%
- $10,000 to $24,999: 14%
- $25,000 to $44,999: 5%
- $45,000 or more: 10%

### Parent's Remaining Balance of Student Debt from Higher Education

<table>
<thead>
<tr>
<th>Age</th>
<th>Zero, I have fully repaid it</th>
<th>$9,999 or less</th>
<th>$10,000 to $24,999</th>
<th>$25,000 to $44,999</th>
<th>$45,000 or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-39</td>
<td>36 65^A</td>
<td>19^BC</td>
<td>20^C</td>
<td>9^BC</td>
<td>16^BC</td>
</tr>
<tr>
<td>40-49</td>
<td>65^A</td>
<td>11</td>
<td>15^C</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>50+</td>
<td>85^AB</td>
<td>7</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>

C2: What is the remaining balance of your own student debt? (Base= Have or had any student debt from higher education= 470)
Only one-third of parents with personal student debt say their debt has prevented them from saving for their own children’s higher education. Over half are not affected by their student debt in saving.

- Parents age 40+ are significantly less likely to be effected by their student loans when saving, compared to those age 18-39.

**Personal Student Debt Has Prevented Parents Saving For…**

<table>
<thead>
<tr>
<th>Category</th>
<th>18-39% (A)</th>
<th>40-49% (B)</th>
<th>50+% (C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency fund</td>
<td>42^C</td>
<td>34^C</td>
<td>18</td>
</tr>
<tr>
<td>Retirement</td>
<td>39^C</td>
<td>32</td>
<td>21</td>
</tr>
<tr>
<td>Children’s higher education</td>
<td>42^BC</td>
<td>28^C</td>
<td>18</td>
</tr>
<tr>
<td>A new home</td>
<td>31^BC</td>
<td>19</td>
<td>11</td>
</tr>
<tr>
<td>None of these</td>
<td>37</td>
<td>54^A</td>
<td>72^AB</td>
</tr>
</tbody>
</table>

C3: Has paying your student debt prevented you from saving for any of the following? (Base= Have or had any student debt from higher education= 470)
83% of parents are currently saving or plan to save for their children’s higher education.

- Parents age 40+ are more likely to be saving for their children’s higher education, whereas those age 18-39 plan to save.

### Whether or Not Parents Are Saving for Children’s Higher Education

<table>
<thead>
<tr>
<th></th>
<th>AGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>18-39</td>
</tr>
<tr>
<td></td>
<td>% (A)</td>
</tr>
<tr>
<td>(n=342)</td>
<td>(n=307)</td>
</tr>
<tr>
<td>Yes, currently saving</td>
<td>47</td>
</tr>
<tr>
<td>Yes, plan to save</td>
<td>42</td>
</tr>
<tr>
<td>No, neither saving</td>
<td>11</td>
</tr>
<tr>
<td>nor planning to save</td>
<td></td>
</tr>
</tbody>
</table>

C4: Are you saving or do you plan to save for your children’s higher education? (Base= Total= 1,003)
Of parents currently saving or planning to save for their children’s higher education, the majority will save with the help of a savings account.

- 7 in 10 parents age 18-39 plan to use a savings account- significantly more than those older, who gravitate more towards 529 Plans and investments.

**Steps Taken to Save for Children’s Higher Education**

<table>
<thead>
<tr>
<th>Steps Taken to Save for Children’s Higher Education</th>
<th>18-39 % (A)</th>
<th>40-49 % (B)</th>
<th>50+ % (C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings account</td>
<td>70&lt;sup&gt;BC&lt;/sup&gt;</td>
<td>58</td>
<td>53</td>
</tr>
<tr>
<td>529 Plan</td>
<td>37</td>
<td>49&lt;sup&gt;AC&lt;/sup&gt;</td>
<td>34</td>
</tr>
<tr>
<td>Investments</td>
<td>28</td>
<td>29</td>
<td>41&lt;sup&gt;AB&lt;/sup&gt;</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

C5: What steps have you taken or will you take to start saving for your children’s higher education? (Base= Saving or planning to save for children's higher education= 835)
~70% of parents have not started saving for their children’s higher education due to everyday cost of living expenses, which have left no additional funds available for savings.

Reasons Parents Have Not Started Saving for Child’s Higher Education

- **Everyday cost of living expenses have left no funds available for higher education savings**: 69%
- **Emergency/unexpected expenses have prevented saving for higher education**: 24%
- **Child/children too young**: 18%
- **Saving for retirement has taken priority over saving for higher education**: 17%
- **Purchasing a new home has not allowed me to save for higher education**: 9%
- **Child/children not going to college**: 6%
- **Other**: 8%

C6: Which of the following describe the reasons you have not started saving or plan to save for your children’s higher education? (Base= Not currently saving for children’s higher education= 459)
The majority of parents have less than $10,000 saved for their oldest child’s higher education.

Amount Saved for Oldest Child’s Higher Education

- Zero: 2%
- $9,999 or less: 53%
- $10,000 to $24,999: 22%
- $25,000 to $49,999: 12%
- $50,000 to $99,999: 6%
- $100,000 to $249,999: 3%
- $250,000 to $499,999: 1%
- $500,000 or more: 1%

C7: About how much have you saved for each of your children for undergraduate education? (Base= Saving for oldest child’s higher education= 544)
Parents report saving less money for their second oldest child’s higher education than for the eldest; however, 63% report savings of $10,000.

Amount Saved for Second Oldest Child’s Higher Education

- Zero: 4%
- $9,999 or less: 63%
- $10,000 to $24,999: 18%
- $25,000 to $49,999: 6%
- $50,000 to $99,999: 6%
- $100,000 to $249,999: 1%
- $250,000 to $499,999: 1%
- $500,000 or more: 1%

C7: About how much have you saved for each of your children for undergraduate education? (Base= Saving for second oldest child’s higher education= 282)
Not saving for higher education jumps to 19% with the third oldest child, 25% for the fourth oldest.

**Amount Saved for Third Oldest Child’s Higher Education**

- **Zero**: 19%
- **$9,999 or less**: 56%
- **$10,000 to $24,999**: 16%
- **$25,000 to $49,999**: 3%
- **$50,000 to $99,999**: 4%
- **$100,000 to $249,999**: 0%
- **$250,000 to $499,999**: 0%
- **$500,000 or more**: 1%

**Amount Saved for Fourth Oldest Child’s Higher Education**

- **Zero**: 25%
- **$9,999 or less**: 50%
- **$10,000 to $24,999**: 17%
- **$25,000 to $49,999**: 0%
- **$50,000 to $99,999**: 0%
- **$100,000 to $249,999**: 0%
- **$250,000 to $499,999**: 0%
- **$500,000 or more**: 8%

*Note: Extremely small base size.*

**C7**: About how much have you saved for each of your children for undergraduate education? (Base= Saving for third oldest child’s higher education= 68); (Base= Saving for fourth oldest child’s higher education= 12*)
The top-rated savings goal among parents is emergency fund (40%), followed closely by retirement savings (33%).

- Most parents rank children’s higher education savings as a second or third priority.

C8: How would you prioritize the following savings goals? Enter a 1 next to the goal you would give the highest priority, a 2 next to the goal you would give the second highest priority, a 3 next to the goal you would give the third highest priority, and a 4 next to the goal you would give the least priority.
(Base= Total= 1,003)
56% of parents plan on financial aid assisting in their child’s higher education costs.

- Nearly 1 in 4 parents do not know/have not started to think about saving.

Financial Aid for Child’s Higher Education

- Yes, I am hopeful we will qualify: 31%
- Yes, I am counting on it: 25%
- No, I don’t think we will qualify because our income is too high: 16%
- No, we won’t need it: 6%
- I don’t know/Haven’t thought about it yet: 23%

Parents age 18-49 are more likely to anticipate support in financial aid for their children’s higher education.

C9: Do you plan to apply for financial aid for your child’s higher education?
(Base= Saving for children’s higher education or NOT saving but children are going to college= 977)
55% of parents expect to have some type of additional support (family or merit/athletic scholarships) for their child’s higher education expenses.

- 45% expect outside help to come directly from scholarships/grants.

**Outside Support for Child’s Higher Education Expenses**

- Yes, merit aid (scholarships/grant): 45%
- Yes, support from grandparents or other family: 16%
- Yes, athletic scholarships: 13%
- No, relying on a combination of savings and loans: 17%
- I don’t know/Haven’t thought about it yet: 28%

Highest among parents age 18-39 (33%) vs. older parents age 40-49 (25%).

**C10:** Do you anticipate receiving outside support other than loans for your children’s higher education expenses? (Base= Saving for children’s higher education or NOT saving but children are going to college= 977)
Demographics
Nearly half of the households surveyed have only one child under the age of 17; an additional 37% report having 2 children.

Number of Children in Household
(17 years of age and under)

- 1 child: 47%
- 2 children: 37%
- 3 children: 12%
- 4 children: 3%
- 5 or more children: 1%

8A: How many children 17 YEARS OF AGE AND UNDER living in your home are you the parent or guardian of? (Base= Total= 1,003)
The most prevalent age group among children within the households surveyed is 6 years of age and under.

Parents’ and their children’s ages tend to correspond to each other.

For example:
Younger parents (18-39) are more likely to have children 6 years of age and under (85%), whereas parents 50+ will most likely have children 13-17 years old (57%).

9A: Please indicate the age and gender of each child 17 years of age and under living in your home that you are the parent or guardian of. For children under 1 year of age, please enter zero.
(Base= Total= 1,003)