



CollegeSavings
FOUNDATION

PARENTS SAVE FOR KIDS' COLLEGE DESPITE CARRYING STUDENT DEBT



College Savings Foundation's 9th Annual Survey: Parents Motivated to Save

One-third of parents are still shouldering student debt but are determined to change that for their children and are choosing savings to finance their college. The majority, 51%, of parents responding to the 9th Annual College Savings Foundation *State of College Savings* Survey said savings is their number one strategy for funding their children's college costs, up from 45% last year, and ahead of loans; grants, scholarships or aid; and current income.

Overall, there was an upswing in parental saving: 53% of all parents are saving; and nearly half, 48%, have saved at least \$5,000 per child. Parents used these tools to help them along:

- 33% of parents own a 529 college savings plan.
- 42% use automated monthly savings plans, up from 38% last year; and 67% save more than \$100 a month in them.
- 51% would ask family or friends for college savings instead of a material gift.

"We are encouraged to see parents across generations avidly saving for their children's college and that their own student debt is a motivator – not a deterrent – to saving," said Mary Morris, Chair of the College Savings Foundation, a leader in helping American families save for their children's college education. In the survey, 82% of parents with college debt said it had made them consider other strategies for their children.

A breakdown of the three major age brackets of parents revealed a strong savings bent among younger parents who are using savings tools like 529s and automatic savings programs to help them:

"529s," as they are called, are intended to support families in meeting the relentlessly rising expenses of a college education. The average annual tuition costs of attending a 4-year public and a 4-year private college or university in 2014-2015 continued to rise beyond the rate of inflation. Including tuition, room, board and expenses, the average total cost for an in-state student at a 4-year public college is \$18,943, and for a 4-year private college is \$42,419, according to the College Board.

The 2015-2016 *State of College Savings Survey* was conducted by the College Savings Foundation using an online Survey Monkey survey of over 800 parents of children 18 or under, from across the country, age and income categories.

The College Savings Foundation (CSF) is a Washington, D.C.-based not-for-profit organization whose mission is to help American families achieve their education savings goals, by working with public policy makers, media representatives and financial services industry executives in support of education savings programs. www.collegesavingsfoundation.org

Parents age 31 -35:

- **40% have student debt; and 91% said it made them consider other strategies for their children.**
- 54% are already saving. 55% said that saving is their primary way to pay for college.
- 31% own a 529 college savings plan.
- 43% have saved more than \$5,000 per child.
- 50% have automatic savings plans; and of that, 38% save between \$101-300 per month.

Parents age 36-45:

- **29% are paying off debt. 76% said it has made them consider different strategies.**
- 54% are saving. 48% say savings is the primary way to pay for college.
- 37% are using a 529 college savings plan.
- 50% have saved more than \$5,000 per child.
- 41% have automatic savings; of which 33% save between \$101-\$300 per month.

Parents age 46-55:

- **24% are still paying off student loan debt; 74% said it would make them consider other strategies.**
- 56% are saving; 45% say primary way to save is through savings.
- 32% use 529s.
- 61% have saved more than \$5,000 per child.
- 39% have automatic savings accounts. 33% save between \$100-300 per month – but another 45% are saving more than that.

This doesn't mean the kids get a free ride: 74% of parents expect their children to contribute to college costs, and nearly half of parents, 49%, say their children will get a job to help pay for college.

Other sources of college funding include financial aid, where 69% of parents expect their children to receive it, mostly in the form of grants and scholarships. They also expect to take out loans. 61% expect to borrow including 40% who said that education loans – taken by student and/or parents – were their top borrowing choice. 69% of parents expect that it will take them or their children a minimum five years to pay off the loans after graduation.

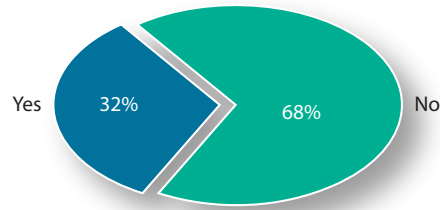
The College Savings Foundation's 2015-2016 State of College Savings Survey was conducted by Survey Monkey of over 800 parents across the country and income levels.

"We are encouraged to see parents across generations avidly saving for their children's college and that their own student debt is a motivator – not a deterrent – to saving," said Mary Morris, Chair of the College Savings Foundation

PARENTS SAVE TO HELP CHILDREN AVOID DEBT

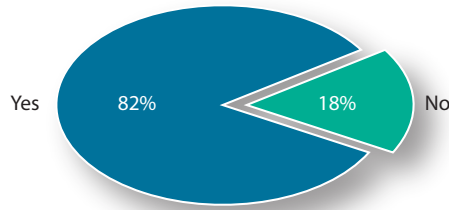
One-third of all parents are still shouldering student debt

Q. Are you currently paying off student loan debt?



Debt leads the vast majority – 82% – to consider other options

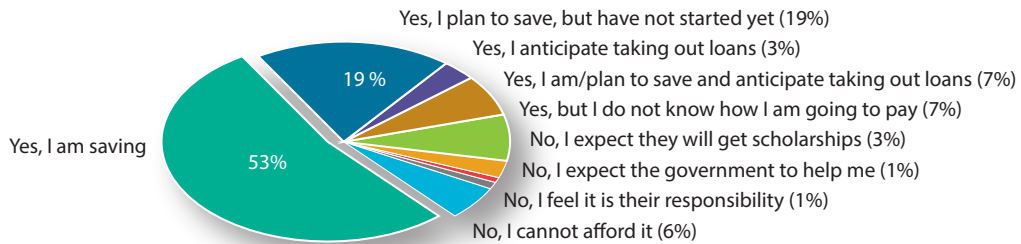
Q. Has your college debt made you consider other strategies for your children?



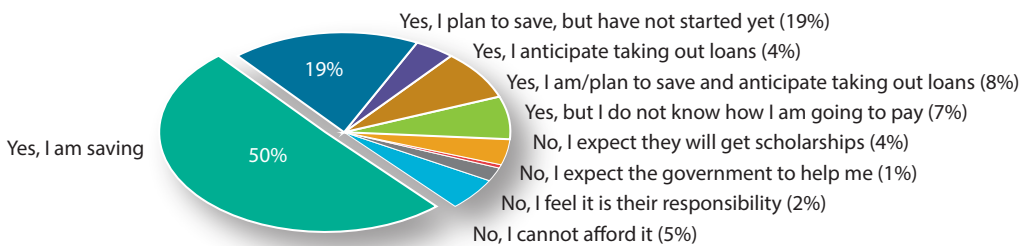
53% of parents are saving for their children’s college

Q. Do you plan to help fund your child/children’s college education? (Select One)

2015

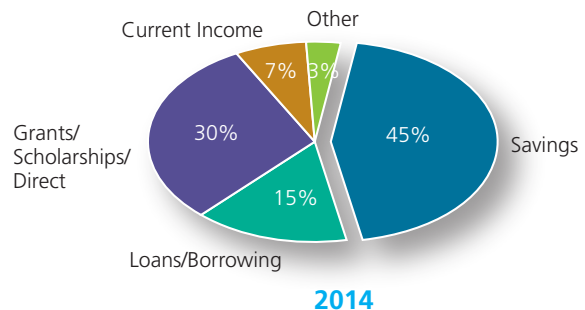
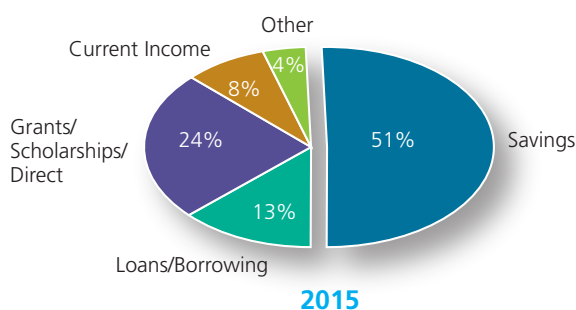


2014



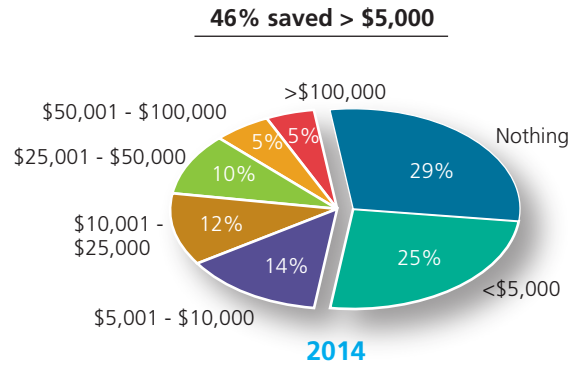
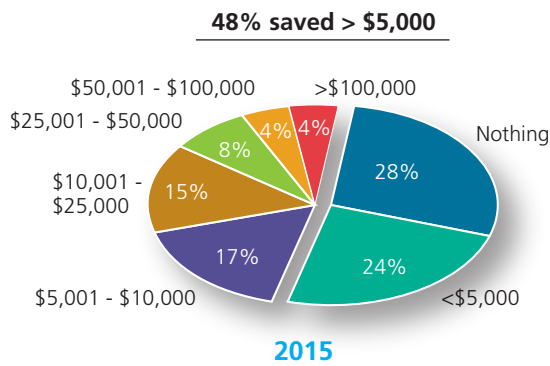
Savings is the Number One way for parents to pay for college: 51% up from 45% last year

Q. What is the primary way that you plan to pay for your child’s college costs?



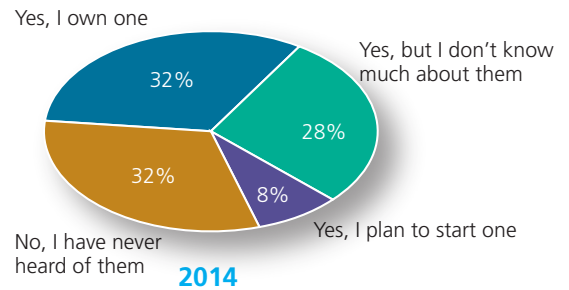
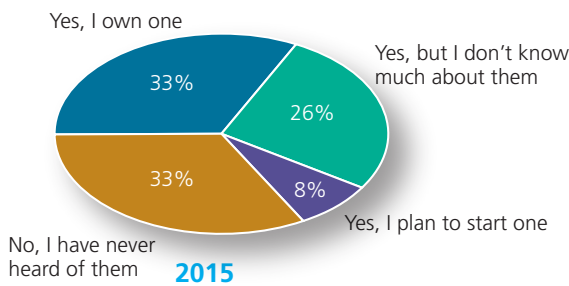
Nearly half have saved more than \$5,000 per child

Q. How much have you saved for your children's college education (per child)?



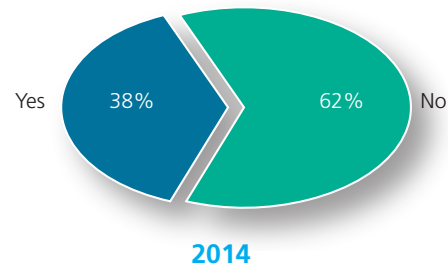
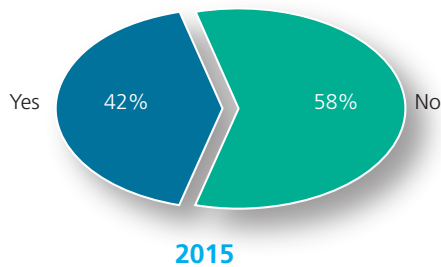
Nearly one-third use 529 college savings plans

Q. Do you know what a 529 college savings plan is?



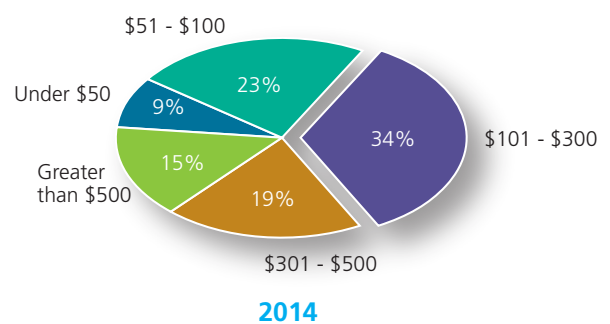
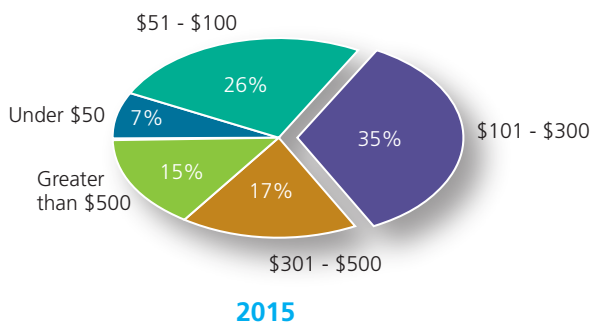
42% use automatic savings plans

Q. Do you currently have an automatic monthly savings plan set up for college savings?



35% are saving between \$101-\$300 per month

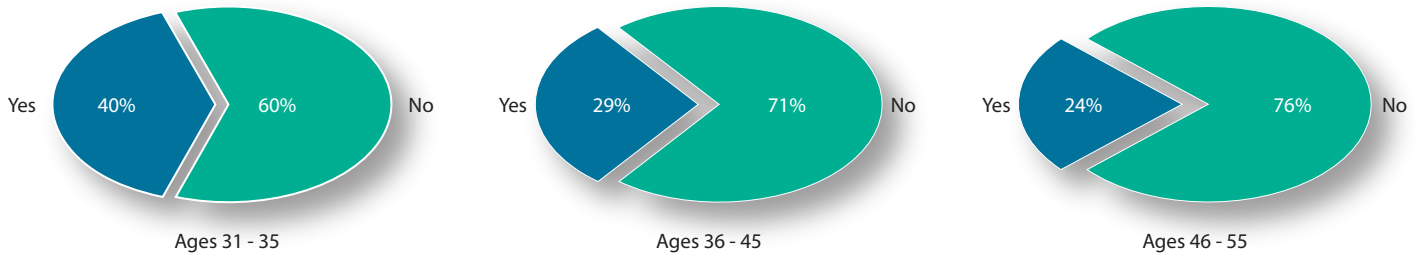
Q. How much do you save monthly?



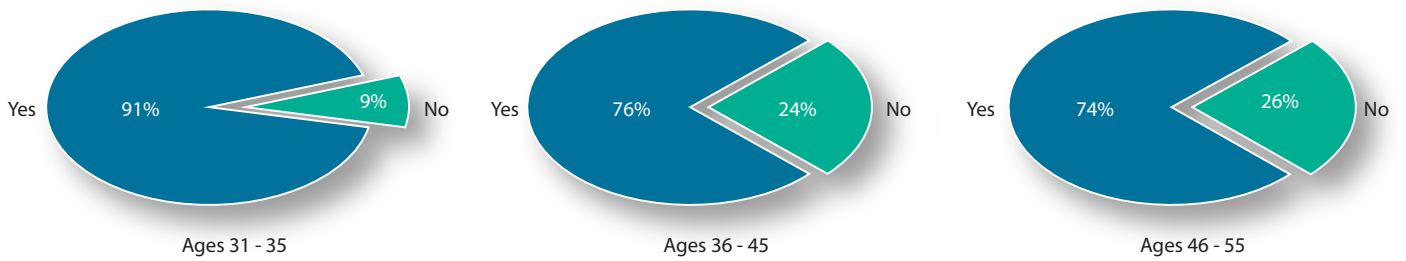
BREAKDOWN BY GENERATIONS

Parents have student debt – at all ages

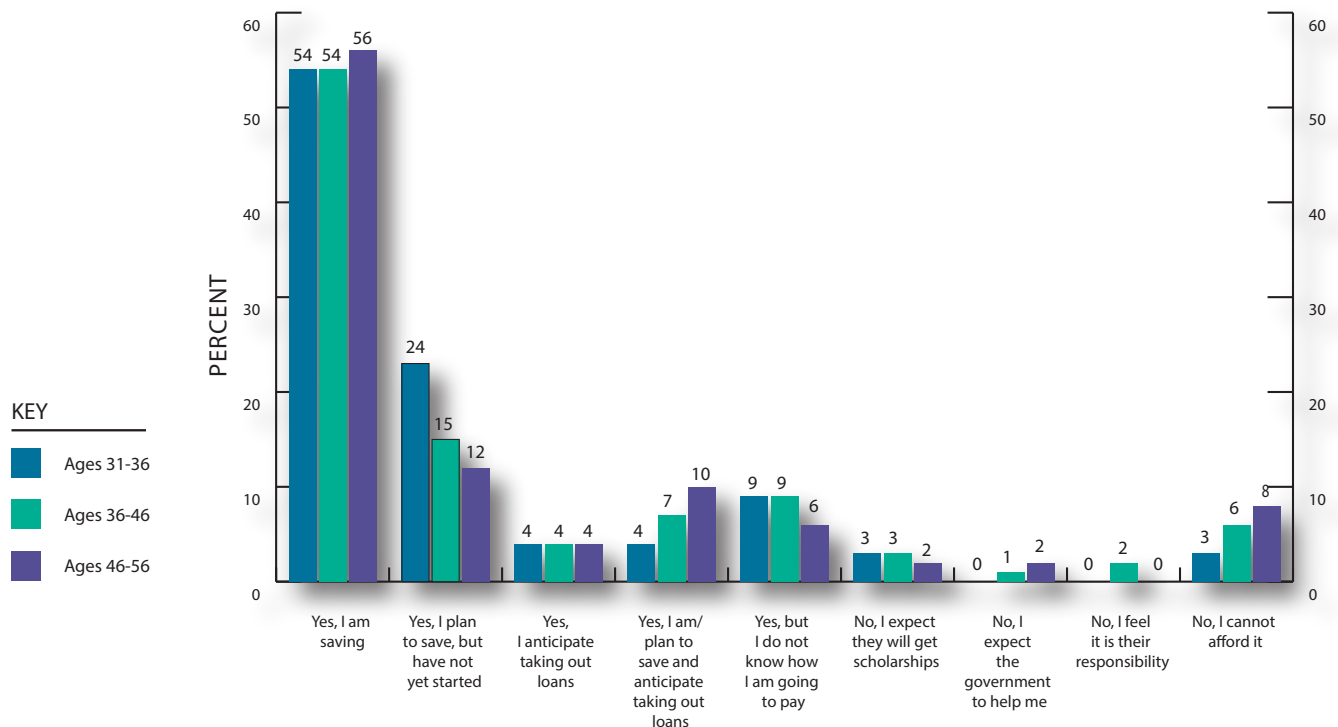
Q. Are you currently paying off student loan debt?



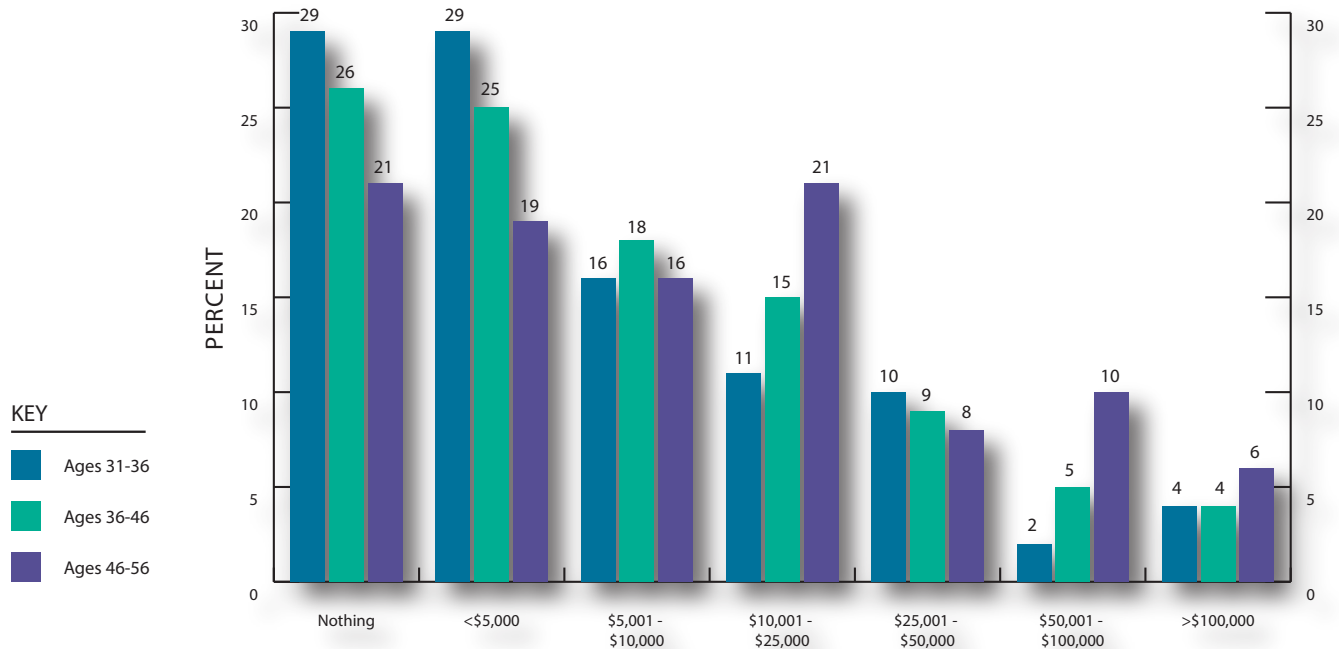
Q. Has your college debt made you consider other strategies for your children?



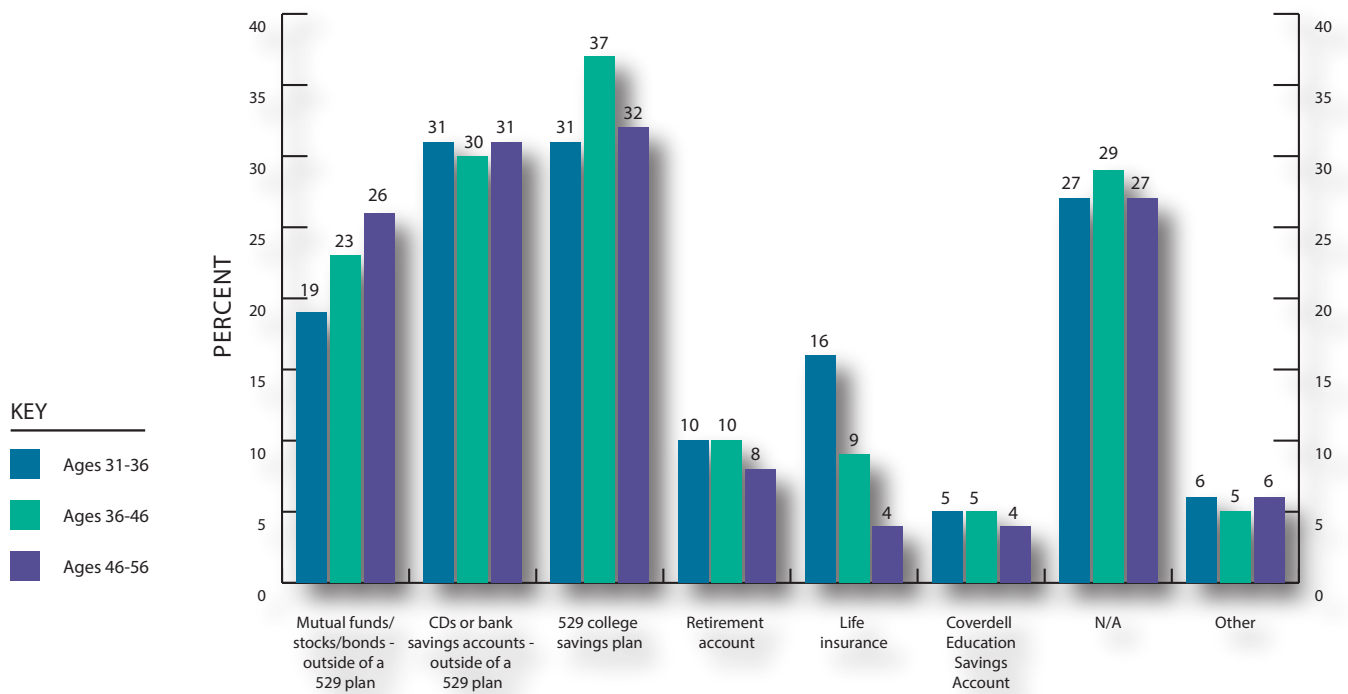
Q. Do you plan to help fund your child/children's college education? (Select One)



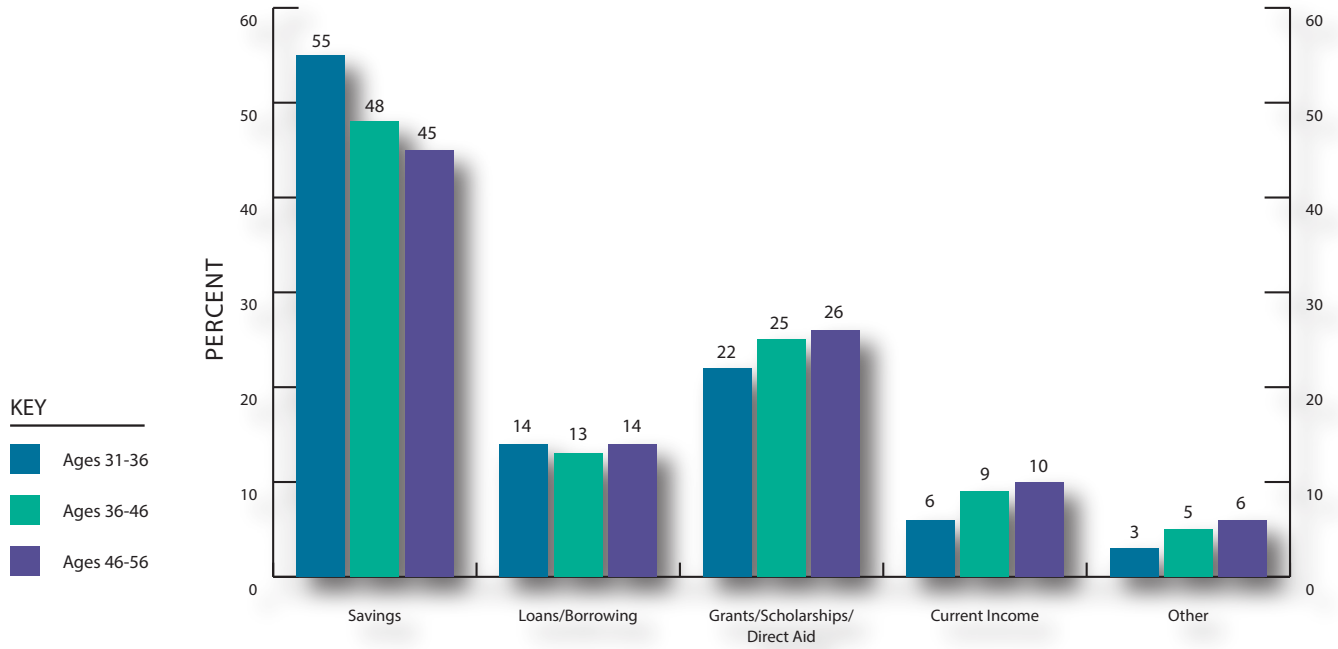
Q. How much have you saved for your children's college education (per child)?



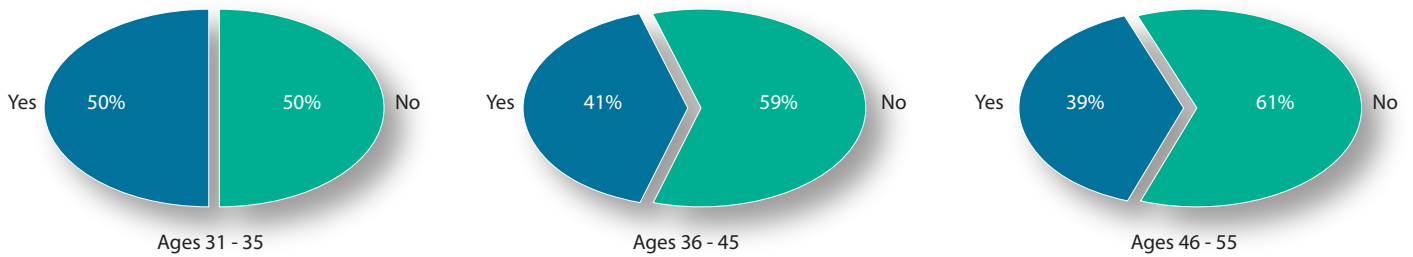
Q. If you are saving for college, what vehicles are you using? (Check all that apply)



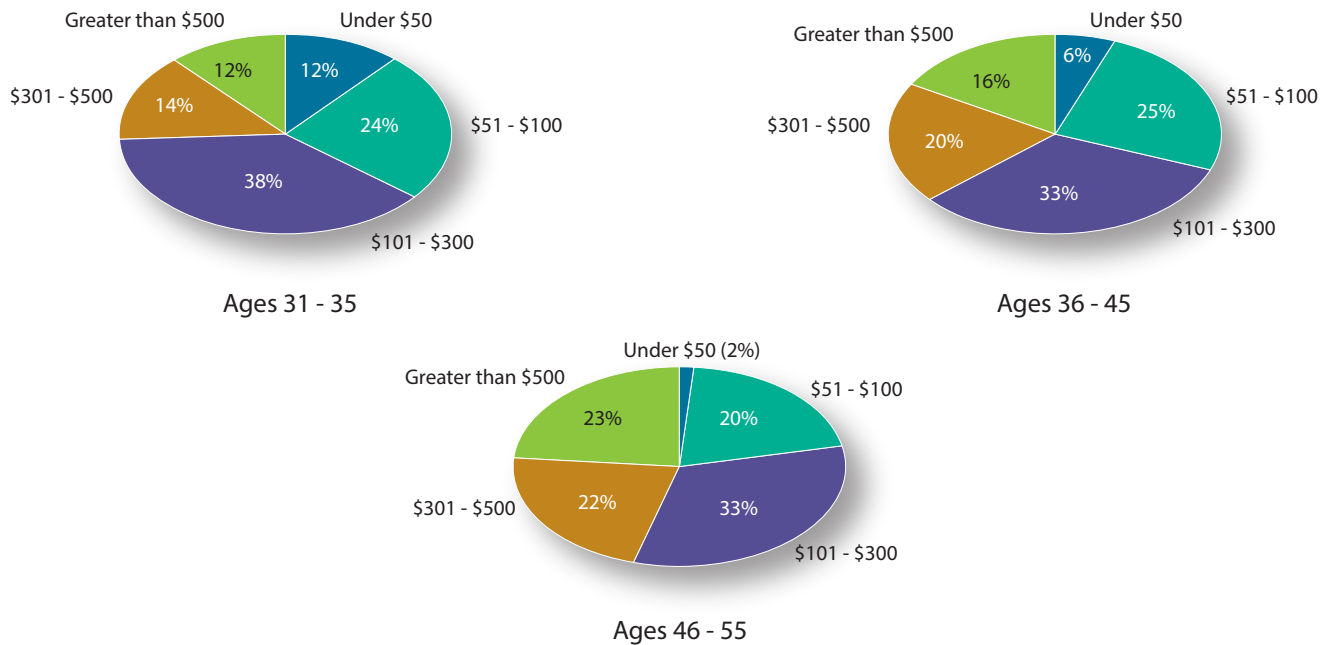
Q. What is the primary way that you plan to pay for your child's college costs?



Q. Do you currently have an automatic monthly savings plan set up for college savings?



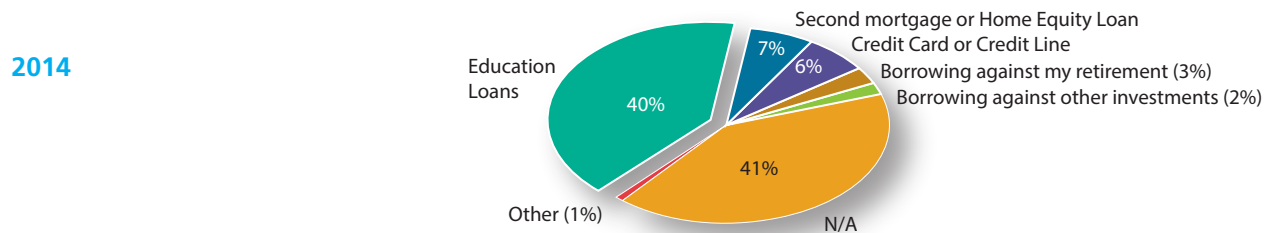
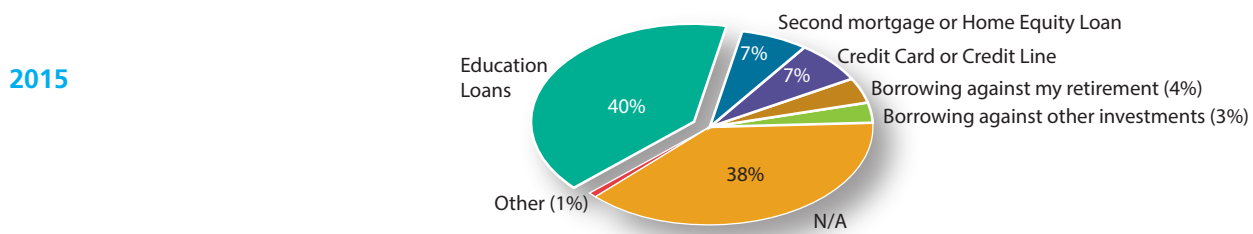
Q. How much do you save monthly?



OTHER WAYS PARENTS ARE FUNDING COLLEGE

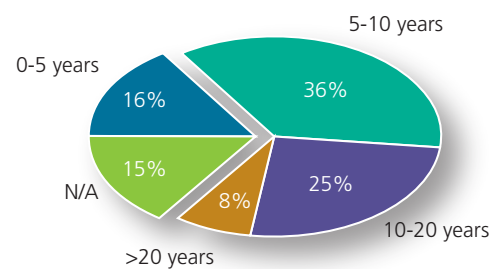
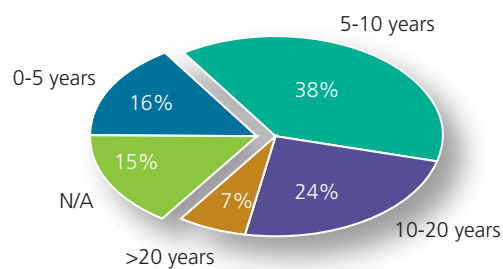
40% of parents are borrowing and using Education Loans

Q. If you are borrowing, what do you anticipate will be your number one college financing source? (Check one)



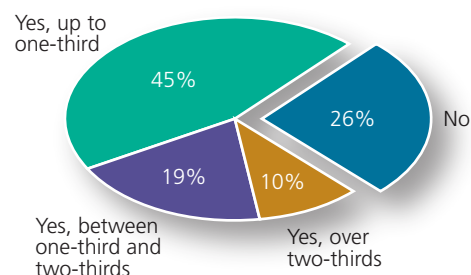
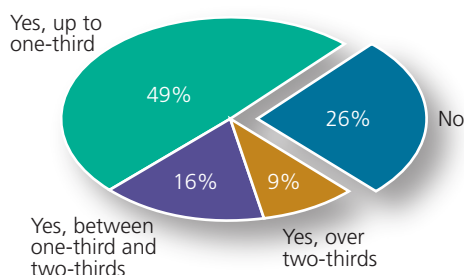
69% of parents expect loan burdens for at least 5 years

Q. The average Public College student graduates with over \$26,000 in loans (and much more for Private College). How long do you anticipate it will take you or your child after graduation to pay off the average college tuition and costs funded through loans?



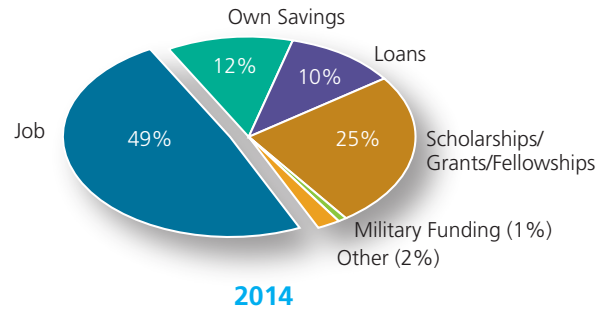
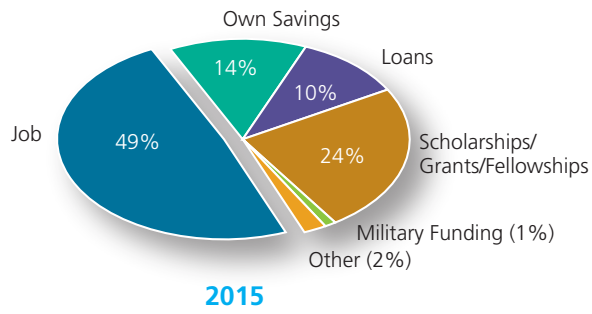
Parents expect children to kick in for college costs

Q. Will your child contribute to paying for college?



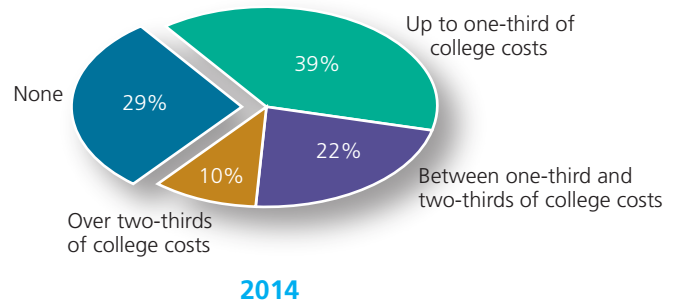
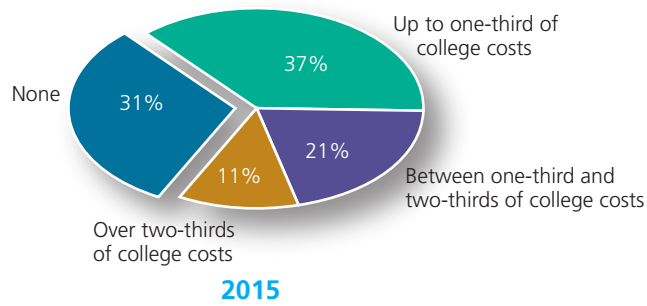
How? Parents say "Get a job!"

Q. How will they contribute to college costs?

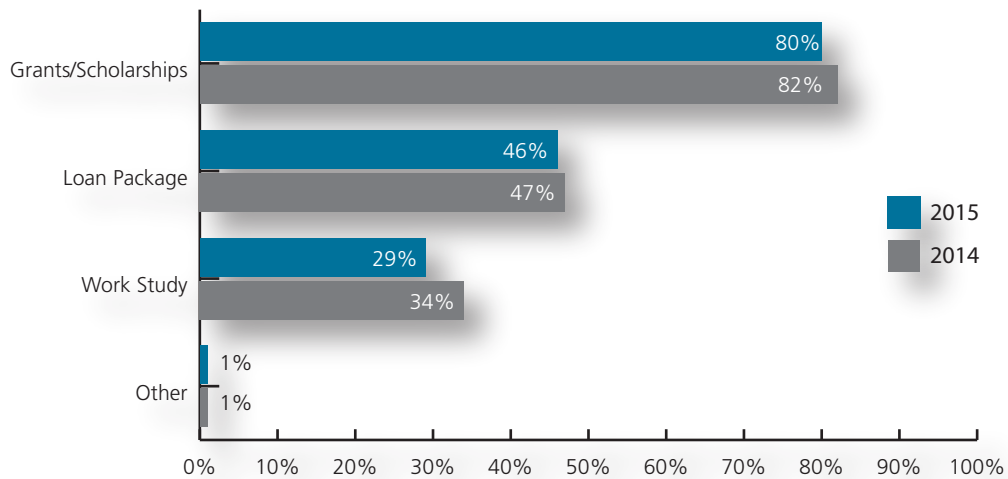


69% of parents expect financial aid for their children

Q. How much financial aid do you anticipate receiving?



Q. What form do you expect the financial aid to take?



Over half would ask friends and family for funds

Q. Would you ask friends/family to make a college savings gift instead of material gifts?

