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PARENTS SAVE FOR KIDS' COLLEGE DESPITE CARRYING STUDENT DEBT

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

Washington, DC, August 4, 2015 – 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 leading nonprofit 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:

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.
- 38% 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% said that saving is their 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% said that saving is their primary way to pay for college.
- 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 of 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. www.collegesavingsfoundation.org