

## **Back to School: The Effects of College Costs on Today's Students and Parents**

### ***A Study Commissioned by Citizens Financial Group***

As the cost of college continues to rise, consumers are increasingly concerned about their ability to manage this cost. Student loan debt has reached \$1.11 trillion ([Federal Reserve Bank of New York](#)) and parents are taking on a portion of the debt to help their children – putting their financial stability and retirement at risk. Citizens Financial Group commissioned the following survey of 5,000 students and parents to gauge perceptions and sentiment around educational financing, so we can best help customers become financially stable.

In fact, the findings of this study underscore how critical it is for students and their parents to work proactively to develop a plan to manage the cost of college and not allow it to detract from the incredible value of their education. Ninety-four percent of students and parents with a child in college are concerned about the rising cost of higher education. Most interesting, 94 percent of parents with a child in college feel an increased burden from their child's college debt, yet nearly half do not have a plan to pay for the debt and 70 percent worry that the investment will not pay off. Fifty-four percent of parents believe their own retirement is in jeopardy due to the cost of college. As well, 55 percent of parents with a child in college and 61 percent of all parents surveyed believe that investing in their child's college education will negatively impact their financial stability.

In comparison, 63 percent of college students have a plan to pay for student loan debt (compared to 55 percent of parents). However, students are still not choosing colleges solely based on cost - 71 percent of college students believe students should choose a college based on what they can afford.

Based on these findings, there is a clear need to educate both students and parents alike on how to manage and formulate a plan to pay for the debt they are choosing to take on. By doing so, parents and students can be empowered to make smarter financial decisions to best stabilize their financial situations for today and the future.

#### **ABOUT THE STUDY: METHODOLOGY**

Citizens Financial Group commissioned an omnibus survey with TNS Global from July 28<sup>th</sup> through August 10<sup>th</sup>, 2014 concerning educational financing perceptions. The survey was fielded among 5,000 Americans 18+ (double-wave), balanced to census. Key parent and young adult audiences were screened in this population, including parents of 15-24 year olds and adults 18-34 year olds.

The overall margin of error for these populations at 95% confidence level is 3.9% for parents of 15-24 year olds [n=835] and 3.4% for adults 18-34 [n=825]. This means that if the study were replicated, the finding would not vary by more than 3.9 percentage points in either direction 95 times out of 100 for parents of 15-24 year olds, and 3.4 percentage points for adults 18-34.

Other audience segments evaluated include (unweighted base):

- Parents of 15-17 year olds [n=349] (5.3%)
- Parents of 18-24 year olds [n=616] (4.0%)
- Parents of 18-24 year olds in college [n=290] (5.8%)
- Adults 18-24 years old [n=190] (7.1%)
- Adults 25-34 years old [n=635] (3.9%)
- Adults 18-24 years old in college [n=94] (10.1%)
- Adults 25-34 years old in college [n=65] (12.2%)

**CUSTOM SCREENING QUESTIONS**

1. Are you the parent of a child...? **(Select all that apply)** [All 18+, 5,000 sample] [Will total over 100% as respondents can have multiple children in different age groups] [T1]
  - a. Under the age of 8 years old – 12%
  - b. 8-14 years old – 14%
  - c. 15-17 years old – 8%
  - d. 18-24 years old – 13%
  - e. 25 and older – 35%
  - f. I am not a parent – 36%
  
2. **[IF PARENT OF 15-17 OR 18-24 YEAR OLD]** When thinking of your child(ren) between 15 and 24 years old, which of the following statements applies to you? **(Select all that apply)** [Will total over 100% as respondents can have multiple children in different age groups with varying college status] [T2]

	Parents of 15-24 year olds	Parents of 15-17 year olds	Parents of 18-24 year olds
I <b>do not expect</b> to have a child attending college in the future	25%	10%	31%
I <b>plan to</b> have a child attending college in the future who will not need student loans	14%	22%	10%
I <b>plan to</b> have a child attending college in the future who will need student loans	35%	59%	24%
I <b>currently</b> have a child enrolled in college who does not have or need student loans	12%	9%	15%
I <b>currently</b> have a child enrolled in college who may need student loans in the future	13%	12%	16%
I <b>currently</b> have a child enrolled in college who has student loans	18%	10%	24%



3. [IF 18-24 or 25-34] Which of the following statements applies to you? (Select one) [T3]

	Adults 18-34	Adults 18-24	Adults 25-34
I do not expect to attend college in the future	24%	8%	30%
I <b>plan to</b> attend college in the future	17%	24%	15%
I am <b>currently enrolled</b> in college and do not have or need student loans	7%	16%	4%
I am <b>currently enrolled</b> in college and may need student loans in the future	4%	12%	2%
I am <b>currently enrolled</b> in college and have student loans	9%	20%	5%
I graduated from college	39%	20%	44%

**BOTH AUDIENCES – PARENTS OF 15-24 YEARS OLDS AND YOUNG ADULTS 18-34 YEAR OLDS**

4. How concerned are you with the rising cost of college? (Select one) [T4]

	Parents of 15-24 year olds	Parents of 15-17 year olds	Parents of 18-24 year olds	Parents of 18-24 year olds in college
Top 2 Box Concerned	84%	90%*	82%	94%

	Adults 18-34	Adults 18-24	Adults 25-34
Top 2 Box Concerned	80%	88%*	78%

	Adults 18-34 in college	Adults 18-24 in college	Adults 25-34 in college
Top 2 Box Concerned	94%	95%	93%



\*Denotes significant difference to corresponding audience.

5. Please indicate whether you strongly agree, somewhat agree, somewhat disagree or strongly disagree with each of the following statements. **(Randomize, Select one response per statement)** [T16]

<b>Top 2 Box Agree</b> [excludes does not apply]	<b>Parents of 15-24 year olds</b>	<b>Parents of 15-17 year olds</b>	<b>Parents of 18-24 year olds</b>	<b>Parents of 18-24 year olds in college</b>
In today's world, college is still a worthwhile investment.	85%	87%	85%	88%
The burden of student college debt is increasing for parents.	94%	95%	93%	94%
I worry that the investment made in college will not pay off in the future.	70%	70%	71%	70%
Students should choose a college based on what they can afford.	77%	76%	78%	75%

<b>Top 2 Box Agree</b> [excludes does not apply]	<b>Adults 18-34</b>	<b>Adults 18-24</b>	<b>Adults 25-34</b>
In today's world, college is still a worthwhile investment.	78%	80%	77%
The burden of student college debt is increasing for parents.	92%	93%	91%
I worry that the investment made in college will not pay off in the future.	74%	72%	75%
Students should choose a college based on what they can afford.	73%	71%	73%

<b>Top 2 Box Agree</b> [excludes does not apply]	<b>Adults 18-34 in college</b>	<b>Adults 18-24 in college</b>	<b>Adults 25-34 in college</b>
In today's world, college is still a worthwhile investment.	83%	79%	88%
The burden of student college debt is increasing for parents.	91%	91%	90%



I worry that the investment made in college will not pay off in the future.	73%	69%	78%
Students should choose a college based on what they can afford.	71%	72%	69%

#### PARENTS OF 15-24 YEAR OLDS ONLY QUESTIONS

6. Please indicate whether you strongly agree, somewhat agree, somewhat disagree or strongly disagree with each of the following statements. **(Randomize, Select one response per statement)** [T29]

Top 2 Box Agree [excludes does not apply]	Parents of 15-24 year olds	Parents of 15-17 year olds	Parents of 18-24 year olds	Parents of 18-24 year olds in college
I have a plan for how to pay for and manage my child(ren)'s college debt	51%	50%	50%	55%
College debt will impact the ability of future generations to buy a home	82%	81%	81%	84%
I worry that the cost of college for my child(ren) will impact my ability to retire when I had planned to	58%	64%*	55%	54%
Investing in my child(ren)'s college education will negatively impact my financial stability	61%	67%*	58%	55%

\*Denotes significant difference to corresponding audience.

#### YOUNG ADULTS (18-24, 25-34) ONLY QUESTIONS

7. Please indicate whether you strongly agree, somewhat agree, somewhat disagree or strongly disagree with each of the following statements. **(Randomize, Select one response per statement)** [T42]

Top 2 Box Agree [excludes does not apply]	Adults 18-34	Adults 18-24	Adults 25-34
I have a plan for how to pay for and manage my college debt	63%	63%	64%
College debt will impact my ability to buy a home.	68%	71%	67%
Investing in college will negatively impact my financial stability in the future	50%	42%	53%*

I am personally responsible for my own living expenses and debt (college expenses, car, credit cards, etc.)	86%	72%	90%*
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<b>Top 2 Box Agree</b> <b>[excludes does not apply]</b>	<b>Adults</b> <b>18-34 in college</b>	<b>Adults</b> <b>18-24 in college</b>	<b>Adults</b> <b>25-34 in college</b>
I have a plan for how to pay for and manage my college debt	63%	64%	60%
College debt will impact my ability to buy a home.	71%	69%	75%
Investing in college will negatively impact my financial stability in the future	41%	38%	46%
I am personally responsible for my own living expenses and debt (college expenses, car, credit cards, etc.)	69%	59%	84%*

*\*Denotes significant difference to corresponding audience.*

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