



Press Release

Half of Parents (50%) ‘Very Confident’ in Their Child’s Ability to Finish College Without Early Withdrawal, Down 5 Points Since 2017

Parents and Students See Losses of \$10K in Event of Withdrawing

New York, New York, July 23, 2018 — American parents are losing confidence in their children’s ability to finish college without the need for temporary withdrawal, a new Ipsos poll for Allianz Global Assistance has found. The second annual Allianz Tuition Insurance College Confidence Index poll interviewed 1,000 current and prospective college students and 1,000 parents in all. The results show that only half of parents (50%) are ‘very confident’ that their child will finish college without a temporary pause in studies, down from 55% in 2017. Similarly, only half of students (49%) describe themselves as ‘very confident’ in their ability to finish college without needing to temporarily withdraw, though this is virtually unchanged from a year ago (+1 pt). In all, nine in ten parents (90%) say they’re confident (50% very/40% somewhat), as do eight in ten students (84%; 49% very/35% somewhat).

Confidence is even lower when it comes to being able to finish college within four years of starting: fewer than half of students (46%) are ‘very confident’ in their ability to do this, unchanged from last year and in line with the 46% of parents who are ‘very confident’ their child can wrap up their studies in a four-year timeframe (-2 pts). A majority of both parents (85%) and students (83%) are at least somewhat confident, while 15% of parents and 17% of students are not.

Financial Fallout from Early Withdrawal Can Be Severe

With many expressing doubts over the likelihood of finishing college on time with no withdrawals, there is also a degree of concern as to what the financial consequences of withdrawing from studies might be. Eight in ten parents (85%) agree (37% strongly/48% somewhat) that the financial repercussions of withdrawing from a college program could be severe, unchanged from 2017. Likewise, eight in ten students (86%) see severe repercussions (40% strongly/46% somewhat), up 1 point. Prospective students – who have not yet started college – are among the most likely to agree (88%), suggesting there is significant uncertainty for students who have yet to begin their college studies.

Most parents (82%) and students (89%) expect they would lose money as a result of an early withdrawal from college. Factoring in tuition fees, room and board, and other expenses, the average loss is estimated at around \$10,000 (\$10,701 for parents, down by \$440 from a year ago, and \$10,551 for students, down by \$404).

What’s more, the obligation to make student loan payments even after withdrawal is a significant source of concern: among those parents who are borrowing to allow their child to attend college, eight in ten (80%) agree (29% strongly/51% somewhat) they’d be worried about having to make student loan payments if their child had to withdraw from their college program, up 2 points since 2017. For students taking on debt to finance their college education, paying back loans is an even stronger cause for concern. More than eight in ten (84%) agree (43% strongly/41% somewhat) they’d be worried about paying down loans after an early withdrawal from college, virtually unchanged since last year (-1 pt).

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Confusion Persists Around College Refund Policies

Despite widespread concern about financial fallout, parents and students alike continue to be misinformed about college refund policies, which would come into play in the event of an unplanned withdrawal from a program of study. Only half of parents (54%) agree (16% strongly/37% somewhat) they're familiar with the refund policy of their child's college if they were to withdraw from their studies (+2 pts). Claimed familiarity with refund policies is even lower among students: less than half (48%) agree (19% strongly/29% somewhat) they are familiar with their college's refund policy in case of early withdrawal, unchanged since 2017.

Yet even this level of familiarity may be over-exaggerated, as significantly fewer parents and students can confirm that their college's refund policy has been brought to their attention. Only one four parents (27%) and three in ten students (31%) say their college has disclosed its refund policy to them, with parents of current college students (32%) and current students themselves (40%) being significantly more informed than their prospective counterparts. By contrast, nearly three in four parents (73%) either say the refund policy hasn't been disclosed to them (40%) or they aren't sure (33%). Likewise, seven in ten students (69%) either haven't had their college refund policy disclosed to them (38%) or aren't sure (31%).

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About the Study

These are some of the findings of an Ipsos poll conducted between April 2 and April 6, 2018, on behalf of Allianz Global Assistance. For this survey, a sample of 1,000 American college students aged 17-25 and 1,000 American parents of prospective and current college students aged 17-25 was interviewed online. Weighting was then employed to balance demographics to ensure that both sub-groups of the sample's composition reflect that of the population according to Census data and to provide results intended to approximate the sample universe. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll is accurate to within ± 2.5 percentage points, 19 times out of 20, had all Americans aged 17+ been polled. The credibility interval will be wider among subsets of the population, and is ± 3.1 percentage points, 19 times out of 20, for the student sample, and ± 3.1 percentage points, 19 times out of 20, for the parent sample. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

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