



Factum

Three in Four Canadian Parents of Children Aged 12 and Under (73%) Surprised at Cost of Post-Secondary Education for Their Kids

More Than Half (55%) Don't Have a Formal Plan in Place for How to Pay

Toronto, ON, November 19, 2018 — Canadian families are being lulled into a false sense of security from not knowing the full cost of post-secondary education for their children. According to a recent Ipsos poll carried out on behalf of Knowledge First Financial, about two in three parents of children aged 12 and under (64%) agree (16% strongly/47% somewhat) that they know the anticipated cost of post-secondary education for their children – dropping to less than half (48%) among parents with a household income under \$40K. However, when presented with the average total cost for a four-year undergraduate degree based on their child's year of birth, a significant majority (73%) are surprised (41% very/32% somewhat) as to the costs. Parents with the lowest incomes are often the most caught off guard: among those earning less than \$40K, more than half (52%) are 'very surprised' by the true cost of post-secondary education.

On average, Canadian parents of children 12 and under estimate the first year of their child's post-secondary education bill to reach \$12,426, ranging from \$6,397 in Quebec to \$14,902 in Ontario. This mirrors the variation in tuition fees across Canada, with Ontario having the highest tuition fees and Quebec having the lowest. Estimates also vary widely by household income, and it isn't the lowest-income earners who underestimate the most: while parents earning \$100K or more expect the first year's costs to be \$16,070 on average, those earning \$60K to just under \$100K place the average cost at just \$9,669.

Assuming the same cost over the course of a four-year degree, the \$12,426 expected for the first year turns into an average estimate for total post-secondary costs of \$49,704. In reality, depending on what year their child was born, Knowledge First Financial projects total costs for a four-year degree to range from between \$52,885 for a child born in 2006 to \$68,396 for a child born in 2018, based on the latest Tuition Living and Accommodation Costs data from Statistics Canada¹. This means parents' best guesses are 6-27% off from reality. However, these costs exclude residence expenses. When residence costs are included, the price tag for a four-year degree is substantially more: \$97,485 for those born in 2006, rising to \$124,956 for those born in 2018, surpassing parents' expectations by 49-60%.

Part of the discrepancy may come from parents of children 12 and under not taking into account all the elements that add up to the full cost of a post-secondary education. While tuition (88%) and textbooks (77%) often factor into their estimate of what post-secondary education will cost, less than half of parents of kids 12 or younger think about things like food (48%), transportation (42%), residence or accommodation (37%), entertainment (17%), or visits home (16%) when estimating how much they or their child will need to invest. Parents in lower-income households are less likely to factor in certain costs not directly related to tuition and books: only one in three (34%) of those in households earning less than \$40K think about the cost of food, while 13% (and just 9% of those earning \$40K-<\$60K) consider spending on entertainment.

¹ Knowledge First Financial projections based on Tuition Living and Accommodation Costs 2017-2018 (Statistics Canada, Sept. 2017). Average annual increases based on previous 10-years data, including tuition, compulsory fees, meals/residence costs as well as an estimate for textbooks and incidental costs.

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Majority of Parents Don't Have a Written Plan for PSE Savings

More than half of parents with children aged 12 or under (55%) disagree (22% strongly/33% somewhat) that they have a written plan in place to pay for their child's post-secondary education. Lower-income families are less likely to have a written plan: 69% of parents earning \$40K-\$60K and 63% of those earning less than \$40K say they don't have a formal plan in place.

Rethinking Savings Goals

Knowing the full cost of post-secondary education is spurring many parents of children aged 12 and under to take action by putting more money aside. Three in four (75%) say they are likely (19% very/57% somewhat) to increase their education savings goals as a direct result of being informed about the average cost of a four-year undergraduate degree for their child.

About the Study

These are some of the findings of an Ipsos poll conducted between October 26 and November 1, 2018, on behalf of Knowledge First Financial. For this survey, a sample of 1,006 parents of children aged 12 or younger was interviewed. Weighting was then employed to balance demographics to ensure that the sample's composition reflects that of the population of parents 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 ± 3.5 percentage points, 19 times out of 20, had all Canadian parents been polled. The credibility interval will be wider among subsets of the population. 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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About Ipsos

Ipsos is an independent market research company controlled and managed by research professionals. Founded in France in 1975, Ipsos has grown into a worldwide research group with a strong presence in all key markets. Ipsos ranks fourth in the global research industry.

With offices in 89 countries, Ipsos delivers insightful expertise across five research specializations: brand, advertising and media; customer loyalty; marketing; public affairs research; and survey management.

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Ipsos has been listed on the Paris Stock Exchange since 1999 and generated global revenues of €1,780.5 million in 2017.

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