

Value of College As Strong As Ever, Yet Fewer than Half of Families Are Saving for College, According to Sallie Mae and Ipsos' How America Saves for College 2015

National Study Shows Most Parents Willing to Stretch Financially to Send Their Children to College but Saving Can be Challenging

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NEWARK, Del., April 29, 2015 — Nine in 10 American parents believe a college education is an important investment in their child's future, yet fewer than half (48 percent) are saving for college, and those who do have a college fund are saving less than they did in past years, according to How America Saves for College 2015, the annual, national study released today by Sallie Mae — the nation's leading saving, planning and paying for college company — and Ipsos, a global independent market research company.

How America Saves for College 2015 looks at the college-saving attitudes and behaviors of American parents with at least one child younger than age 18. This year's report found that parents earmark roughly 10 percent of their total savings for college. The average amount put aside for college, however, fell to \$10,040 in 2015, the lowest amount reported since Sallie Mae and Ipsos began reporting on trends in college savings. Increases in the cost of living and unexpected expenses were the most commonly cited reasons for saving less. Nearly half of college saving families, however, continue to rely on general savings accounts while only 27 percent utilize tax advantaged accounts like 529 college savings plans.

"Parents understand the importance of saving for college but putting theory into practice is easier said than done," said Michael Gross, vice president and head of the Higher Education practice at Ipsos Public Affairs. "How America Saves for College 2015 shows that parents' belief in the opportunities that college can



provide, motivates them to adopt strategies and behaviors designed to help their children attend.”

While many parents state that saving for college can be challenging, their savings habits are changing for the better. Among parents saving for college, 41 percent are using auto-deposit services, up from 33 percent in 2014; 31 percent are designating a portion of each paycheck to a college savings fund, up from 26 percent in 2014; roughly 25 percent reduced personal or household spending, up from roughly 20 percent in 2014; and more are using cash-back rewards programs tied to college savings accounts (12 percent in 2015 vs. 10 percent in 2014).

How America Saves for College 2015 also illustrates that some preparation up front can go a long way in helping families pay for college. There is a clear correlation between planning for college and saving for college. Parents who build a plan to save and pay for college have saved, on average, one-and-a-half-times the amount saved by parents who do not have plans (\$11,102 vs. \$7,611), and they are three times more confident that they will be able to meet the cost of college.

“Saving for college is of course about dollars and cents, and oftentimes the hardest part is getting started,” said Charlie Rocha, executive vice president, Sallie Mae. “Setting reasonable goals can help parents foster their own commitment to saving for college, whether it be working to accumulate an actual dollar amount, setting aside a certain amount of money at a specified frequency or simply developing the habit of not dipping into college savings for other purposes. And those who do are far more successful.”

With the release of How America Saves for College 2015, Sallie Mae also introduced its new 1-2-3 approach to saving for college:

1. Open a savings account. Set up and designate a savings account as your college fund. Deposit gifts from friends and family, and sign up for free services that let you earn cash back to save for college.



2. Make regular contributions. Set a goal, and create a routine of adding money. Even a little bit adds up over time, and automatic deposits make saving easy.
3. Explore tax-advantaged options. Put your money to work using dedicated college savings programs like Coverdell Education Savings Accounts, prepaid state college savings plans, and 529 college savings plans.

How America Saves for College 2015 reports the results of online interviews that Ipsos conducted in January 2015 of 1,988 American parents with at least one child younger than age 18. The survey sample reflected a cross-section of key demographic variables in the United States, and respondents were able to take the survey in English or Spanish.

The complete report and a related infographic are available at www.SallieMae.com/HowAmericaSavesForCollege.

Follow the conversation at #HowAmericaSaves.

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