



## HSBC VALUE OF EDUCATION SURVEY REVEALS THE UNITED STATES HAS THE LARGEST COLLEGE FUNDING GAP

*One of the largest global education surveys shows proactive planning and upfront conversations about the costs of college could ensure better financial outcomes for parents and students alike*

### **Key Findings:**

- The US has the largest funding gap across all markets surveyed — an average of \$82,103 per student
  - On average, parents spend \$17,314 over the course of their child's college degree
  - On average, students spend \$99,417 over the course of their college degree
- 85% of students are working in paid employment while studying, mostly (57%) because they need extra income
- The majority (59%) of parents worry they don't have the financial resources to support their child's college education and 48% wish they had started saving earlier
- 62% of parents stopped or reduced their leisure activities to support their child's college education

**New York – (September 20, 2018)** – HSBC Bank, one of the world's largest banking and financial services organizations, today published a global study on education trends, parents' hopes and fears for their children's education, and their attitudes and behaviors towards funding. The survey, entitled, *The Value of Education*, also explores students' own experiences while studying. Key findings indicate that parents in the US spend, on average, \$17,314 over the course of their child's college degree. Comparatively, US students spend an average of \$99,417 — 6 times more than parents. As a result, the United States has the largest student funding gap of all markets surveyed.

Budgeting for a full range of lifestyle and education costs can be an expensive learning curve for most students. On average, students spend more money paying back credit cards, personal loans and student debt (\$4,321 over a four year degree) than they do on academic books (\$3,497 over the same time period). The majority of students rely on extra-curricular jobs to cover these costs. According to the report, 85% of students participate in paid employment, largely (53%) because they need the extra money. In an ironic twist, students spend more time working (4.2 hrs/day) than they do in lectures, the library or studying at home.

Cash isn't always the motivating factor for students to get a job, though. Many (37%) seek employment to enhance their employability after college. Volunteering is popular among

students, with 66% engaging in some kind of unpaid volunteer work over the course of their four-year degree.

### **Sacrifices and spending**

Despite good intentions, many parents fail to adequately save for college, forcing them to make significant personal sacrifices to meet the costs associated with their child's education.

According to the report, nearly three quarters of parents (73%) rely on their day-to-day income to help fund their child's college education as opposed to savings or borrowing. Only 23% are funding from a specific education savings or investment account, which while low, is actually ahead of the average of all the markets (20%). For US parents, this means making personal sacrifices to help cut costs and put more money toward their child's college bills. The biggest sacrifice is usually reducing or stopping leisure activities (62%) followed by taking fewer vacations (47%) and giving up personal time or hobbies (43%).

Reflecting on past saving habits, almost half (48%) of parents with a child at college wish they had started saving for their child's education earlier and more regularly (40%). Fifty-nine percent worry that they don't have the financial resources to support them. However, despite significant costs and sacrifices associated with a college education, the majority of parents (71%) and students (82%) agree it's a worthwhile investment.

"Although there's a gap, proactive planning and upfront conversations about the costs of college could ensure better financial outcomes for parents and students alike," said Pablo Sanchez, Head of HSBC's US Retail Bank and Wealth Management. "With the help of a professional, parents and students can better prepare themselves for this major investment without having to make the significant personal and financial sacrifices that we've seen in this report."

### **The future of skills**

Thinking ahead to 2030, parents are less optimistic than students about the role education plays in preparing their children for the future of work. Seventy-two percent of college students believe that their education has prepared them for the world of 2030 and beyond, while only 44% of parents feel the same. Despite this divide, both parents and students who believe this agree that in the future, education should focus more on soft skills like critical thinking (60% and 57%) and problem solving (59% and 46%).

US parents are also divided when it comes to thinking about impact of artificial intelligence and robots on their children's lives. Almost two fifths (38%) remain skeptical and are worried

about the impact it will have on their child's future career. Only 31% believe that AI and robots will make their child's life better.

### **Practical steps**

Here are some practical steps drawn from the research findings, for parents to consider when planning for their children's education:

1. **Start planning early:** Early planning and saving for education can help your children fulfill their potential and limit the strain on family finances. Seeking professional advice can help you plan and make better informed choices.
2. **Be realistic about the costs:** The cost of university education for your children can be expensive. Take into account all the costs when planning how to financially support them through higher education.
3. **Instill good financial habits:** Help your children to plan and manage the costs of student life by taking advantage of the budgeting tools and calculators available online.
4. **Invest in a range of skills:** Help your children choose an educational route that will equip them with the softer skills needed for the workplace of the future as well as the specific skills for their chosen career.

### **The research**

The Value of Education is an independent consumer research study into global education trends, commissioned by HSBC. It provides authoritative insights into parents' and students' attitudes and behavior towards education around the world.

These findings are from the fifth survey in the series and represent the views of 10,478 parents and 1,507 students in 15 countries and territories: Australia, Canada, Mainland China, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, Turkey, United Arab Emirates, United Kingdom, and the United States.

The findings are based on a sample of parents with at least one child aged 23 or younger currently (or soon to be) in education, and on a sample of students aged 18 to 34 in university undergraduate and postgraduate education, drawn from nationally representative online panels in each country and territory. The research was conducted online by Ipsos MORI in March and April 2018.

This press release represents the views of 530 parents and 150 students in the USA.

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To view the full Value of Education Study, [click here](#).

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**Note to editors**

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