

# WHY COLLEGE SAVINGS MATTERS

▶ *Starting is Believing*

**The Florida Prepaid College Board encourages families to save now for a child's college education. There are so many reasons why this is the best way to give a student as many opportunities as possible, in college and beyond.**

## **Pave the Path to College**

- ▶ Controlling for other factors—including household income and children's academic achievement—children with savings dedicated for college education are four times more likely to attend college, according to a study by the Center for Social Development at Washington University in St. Louis.
- ▶ The same study also found that having a savings account dedicated to college savings was a better predictor of whether a child would attend college than race or parents' net worth.
- ▶ Another study by the Center for Social Development found children with as little as \$1 to \$499 designated for college are 2.5 times more likely to enroll in and graduate from college than children with no savings account.

## **Education Pays**

- ▶ Individuals with bachelor's degrees earn an average of \$23,700 a year more than those without, according to the Florida Department of Economic Opportunity.
- ▶ A recent Georgetown University study estimates that a student with a bachelor's degree can earn \$1.6 million more in their lifetime than a student with only a high school diploma.

## **Higher Employment**

- ▶ A study from Georgetown University projects that by 2018, 59% of jobs in Florida will require post-secondary education.
- ▶ In 2013, the unemployment rate for bachelor's degree holders was 4%. For those with only a high school diploma, it was 7.5%, according to the Bureau of Labor and Statistics.

## **Peace of Mind**

- ▶ Knowing that a child will have something set aside can help families avoid the stress that others experience when high school graduation is imminent and they find themselves unprepared.

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## Earlier Start for Lower Payments

- ▶ The earlier a family starts saving, the more opportunity there is to spread the payments—lowering the monthly contribution necessary to reach college savings goals.

## Avoid Rising College Costs

- ▶ The guarantee of a Prepaid Plan allows you to avoid worrying about future college costs.
- ▶ Bloomberg estimates that since 1985 the cost of college has increased 538% – more than twice as fast as medical costs (286%) or gasoline (200%).

## Avoid Debt

- ▶ No matter what the future cost of college is, planning now allows families to help the children in their lives start their career after college with less, or no, debt.
- ▶ Student loans are now the no. 2 source of debt in America as reported by the Federal Reserve Bank of New York, behind only mortgages; approximately 37 million students are still paying back their loans.
- ▶ Today, the average college student will graduate with \$27,000 in student loan debt, reports FICO (Fair Isaac Credit Organization).
- ▶ As of 2013, the Consumer Financial Protection Bureau reported outstanding student loan debt had increased to more than \$1 trillion.