

## CST - BC Bridge the Gap Survey Backgrounder

# One in Three (33%) BC Parents Not Saving for Their Children's Post-Secondary Education

## *Many Investing in RESPs, But Only Half Are Aware of Full Range of Grant Funding Available*

**Vancouver, BC** - One in three (33%) parents in British Columbia are not setting anything aside for their children's post-secondary education, a new Ipsos study on behalf of the Canadian Scholarship Trust Plan has found. Four in ten (39%) are setting aside \$1,000 or more per year, while two in ten (21%) are saving \$250-\$999 per year, and the remaining 6% are putting aside less than \$250 per year.

At the same time, many BC parents are unaware just how costly a basic Bachelor of Arts degree can be in the province - as much as \$32,575 when student fees and books are factored in. While six in ten (59%) parents can correctly identify this as the cost of a basic BA, the remaining four in ten (40%) think it's actually less than this.

Combined with this relative lack of awareness of education costs at the post-secondary level is less than full clarity about the Registered Education Savings Plan, or RESP.

While both the federal government and the BC government provide parents with grant money (that doesn't need to be repaid) on investing in an RESP, only half (47%) of BC parents say they're aware of all the grants offered in exchange for buying RESPs.

Meanwhile, two in ten (21%) BC parents have no idea that the federal and provincial governments provide this incentive. Others have some knowledge of grants, but not the full picture: two in ten (19%) know there's a federal grant but didn't know about the provincial one; 7% know about the BC grant but not the federal one, and a further 7% think that grants are only for low-income families.

With many BC parents not fully aware of all that is available to them, it is perhaps unsurprising that only half (48%) of BC parents are currently saving or plan to invest in a Registered Education Savings Plan. Nonetheless, RESPs are still the most popular means of saving – whether current or planned – for children’s post-secondary education.

Some BC parents are taking other routes to begin saving for their child’s post-secondary education. More specifically...

- One in ten (11%) are currently using or plan to use a tax-free savings account (TFSA);
- 6% of parents are or will rely on student loans;
- 3% are or will rely on lines of credit.

However, this still leaves one in three BC parents (32%) who either aren’t, can’t or won’t put anything aside for their children’s post-secondary education: Two in ten (18%) say they still don’t know what they are going to do, and 12% say they simply can’t afford their child’s post-secondary education. Only 2% of BC parents think their children should be paying for their education themselves.

### ***Many Anticipate Borrowing and Debts to Help Fund Children’s Post-Secondary Education***

Four in five (82%) BC parents ‘agree’ (61% strongly/21% somewhat) that they expect their child to attend some form of post-secondary school, whether a university, college, trade school or other academic institution. With high expectations for post-secondary education, and a majority (68%) agreeing (23% strongly/45% somewhat) that ‘as a parent, I should be paying for my child’s post-secondary education,’ many parents are anticipating financial challenges ahead. For instance:

- Six in ten (59%) agree (32% strongly/27% somewhat) they have or will encourage their child to pursue their post-secondary studies near home because of costs;

- Four in ten (42%) agree (17% strongly/24% somewhat) they will need to borrow money or go into debt to help their child;
- One in three (32%) agree (11% strongly/21% somewhat) they will need to dip into their retirement fund or delay retirement because their child will be in too much debt after going to university/college.

While only a small percentage of parents expect their child to pay for everything themselves, seven in ten (70%) BC parents 'agree' (30% strongly/40% somewhat) that their child should pay for some of his/her post-secondary education costs.

### ***Income and Region Play Key Role in Shaping Attitudes, Awareness***

Attitudes toward and knowledge about funding options for post-secondary education in BC tend to vary significantly by region and by household income. Parents from higher-income households tend to be much more aware of what's available to them when they invest in RESPs:

- More than half (56%) of parents with a household income of \$100K+ say they are aware of all the grants that the government offers when you open up an RESP. This drops to 51% among parents in the \$60K-<\$100K household income bracket, to 46% for those in the \$40K-<\$60K bracket and falls again, significantly, to just 21% among those in households earning less than \$40K per year. Stronger awareness of grants among parents in higher-income households is likely due to the fact that more parents in higher-income households have or intend to invest in RESPs (58% of those earning \$100K+, 59% of those earning \$60K-<\$100K, 41% of those earning \$40-<\$60K, and just 14% of those earning less than \$40K).
- Conversely, half (52%) of parents with an annual household income below \$40K say they had no idea that both the federal and provincial government provide grant money when investing in an RESP. By comparison, three in ten (29%) parents in the \$40-<\$60K bracket don't know this to be the case, which drops down to 14% for those in the \$60K-<\$100K bracket and just 10% among those whose households bring in above \$100K per year.

Meanwhile, parents from lower-income households are least likely to be putting anything toward their children's post-secondary education, and are less likely to know how they will do so in the future:

- Six in ten (61%) BC parents with annual household incomes below \$40K say they do not set aside anything each year for their child's post-secondary education. As income levels rise, fewer parents are unable to save: the number falls to 30% among those in households earning \$40K-<\$60K, to 28% among those bringing in \$60K-<\$100K and to 25% for those with an annual household income of \$100K or more.
- Nearly four in ten (37%) parents in households earning less than \$40K per year say they don't know what they're going to do about saving for their child's post-secondary education, compared with 15% of those earning \$40K-<\$60K, 13% of those earning \$60K-<\$100K and 12% of those earning \$100K or more.
- Middle-class parents in the \$60K-<\$100K household income range (42%) are most likely to believe they will need to dip into their retirement fund or delay retirement because their children will be in too much debt after going to university/college, while only one in four (25%) of those earning \$100K or more per year feel the same. Crucially, perhaps due to less available retirement income or lower expectations of children attending post-secondary education, those with lower household incomes are also less likely to agree their retirement funds will be impacted: 38% of those in the \$40K-<\$60K bracket and just 28% of those earning less than \$40K per year.

Expectations of children attending post-secondary education also fluctuate by income, as well as by region:

- Nine in ten (90%) parents with a household income of \$60K-<\$100K expect their child to attend post-secondary school, compared with 85% of those in

households earning \$100K+, 77% of those in households earning \$40K-<\$60K and 66% of those in households earning less than \$40K;

- More than eight in ten (86%) parents from the Metro Vancouver area expect their child to attend post-secondary school, compared to 83% of parents on Vancouver Island and 76% in the North or Interior of BC;
- Eight in ten (78%) North/Interior parents agree that their child should pay for some of his/her post-secondary education costs, vs. three in four (75%) parents on Vancouver Island, and two in three (64%) in Metro Vancouver.

*These are some of the findings of an Ipsos poll conducted between August 29 and September 2, 2016, on behalf of the Canadian Scholarship Trust Plan. For this survey, a sample of 395 parents in British Columbia from Ipsos' online panel was interviewed online. Weighting was then employed to balance demographics to ensure that the sample's composition reflects that of the adult 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 +/- 5.6 percentage points, 19 times out of 20, had all parents in BC 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.*