



# NEWS RELEASE

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Contact: Tom Dresslar/916.653.2995

## **California Parents Prize College Education for Children, But Most Haven't Started Saving to Help Cover Costs** *ScholarShare Survey Shows Parents Optimistic About Kids' Future*

SACRAMENTO – California parents value a college education more than a good-paying job for their kids, but most have not started saving to help pay the costs of obtaining a higher education, according to a new survey conducted for ScholarShare, the state's "529" college savings plan.

"The good news is parents realize the importance of a college degree to their kids' future and economic prosperity," said State Treasurer Bill Lockyer, who serves as chairman of the ScholarShare Investment Board (SIB). "The bad news is higher education costs continue to rise, and most parents have not been able to start making preparations to help ensure their family can afford those costs. A ScholarShare account can help fill that critical financial need."

In the survey, conducted by Hart Research Associates, 84 percent of parents considered it "very important" that their children attend college. That's a higher ranking than having a good-paying job (75 percent) or owning a home (69 percent). Latino (93 percent), black (88 percent) and Asian (90 percent) parents said attending college was "very important" at significantly higher rates than white parents (72 percent).

78 percent of parents said a college education was more important now than it was 10 years ago.

Another sign of the importance parents place on going to college: Asked what they would be willing to do to improve their current financial situation, more parents said they definitely or probably would be willing to delay their retirement (65 percent) or save less for their retirement (46 percent) than delay saving (45 percent) or save less (40 percent) for their kids' college education.

But while parents consider a college education crucial, most are worried about being able to afford it and have not started saving to help pay the costs. 53 percent said they are "very concerned" about their ability to pay for their children's higher education. Just 43 percent of parents have a college savings account, according to the survey, while 56 percent do not.

By race, the percentage of parents who have college savings accounts: white, 48 percent; Latino, 38 percent; black, 41 percent; and Asian, 44 percent. Other survey results:

- Starting to save early works, the results indicate. Parents who have been saving more than 10 years have set aside an average of \$25,193. That compares to \$14,733 for those saving 6-10 years and \$4,663 for those saving five years or less.
- Despite the tough economic times, 70 percent of parents said they were “hopeful and optimistic” their children would achieve the “hopes and dreams” the parents have for them. Just 21 percent said they were “worried and pessimistic.” Latino (77 percent) and black (76 percent) parents were more positive than white parents (65 percent).
- 59 percent of parents said it’s either certain or very likely their children will attend college at a University of California or California State University school. 51 percent said it was certain or very likely their children would go to a community college. Just 26 percent said it was certain or very likely their children would attend a private university.
- The expectation their children would attend CSU, UC or a private college was much lower among white parents than non-white parents. 48 percent of white parents said it was very likely or certain their children would attend college at UC or CSU. That compares to 65 percent of Latino parents, 82 percent of Asian parents and 62 percent of black parents. Just 14 percent of white parents said it was very likely or certain their children would attend a private college. That compares to 34 percent of Latino parents, 31 percent of Asian parents and 36 percent of black parents.
- 44 percent of parents said they expected scholarships or grants to cover at least 50 percent of their children’s higher education costs. 35 percent said the cost coverage would come from their own savings and income, and 28 percent said it would come from student loans their children obtained.

Named for the section of the IRS code under which they were created, 529 plans are highly regarded for their tax-advantaged status. Earnings on investments grow tax-deferred, and disbursements, when used for tuition and other qualified higher education expenses, are federal and state tax-free. ScholarShare accounts may be opened with as little as \$25, or \$15 when combined with regular, automatic monthly contributions of at least \$15. ScholarShare has no annual account maintenance fee, no income limit and offers a high maximum contribution cap of \$350,000. ScholarShare currently holds more than \$4.4 billion in assets in about 250,000 accounts.

ScholarShare accounts can be opened online at [www.scholarshare.com](http://www.scholarshare.com). For information about the SIB, visit [www.treasurer.ca.gov/scholarshare](http://www.treasurer.ca.gov/scholarshare). ScholarShare is on [Twitter](#) and [Facebook](#).