

WHY COLLEGE SAVINGS MATTERS



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

- ▶ The overall median wage for recent Florida graduates is up \$2,800, from \$36,300 to \$39,100 between 2014 and 2015, according to the latest Florida Board of Governors' Annual Baccalaureate Follow-Up Study.
- ▶ 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

- ▶ Georgetown University projects that by 2020, 65% of jobs in Florida will require postsecondary education.
- ▶ For people age 25 and older with a bachelor's degree or more education, the unemployment rate in 2016 was just 2.7 percent – compared to 5.4 percent for those who only have a high school diploma, according to the Bureau of Labor and Statistics' most recent data.

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.
- ▶ Student loans made up just 3.3 percent of total household debt in 2003, for a sum of \$240.7 billion, according to 2017 estimates by the Federal Reserve Bank of New York. That sum is now more than \$1.4 trillion, or about 10 percent of all U.S. household debt. One in six American adults, or 44 million people, has a student loan.