

2021

College Savings & Student Debt Study

ABOUT THE STUDY

This study analyzes behaviors, attitudes, and expectations about higher education and how American families pay for this important life event.

KEY FINDINGS:

Gen-Z carefully weighing the cost of college and future debt:

The pandemic has shaped how college-bound high school students view higher education, **with four-in-ten rating cost as “most important”** when asked specifically about it in choosing where and how to pursue their education. Yet, **one-in-four parents** of high schoolers (and 38% of students) believe the sticker price for one year of college will be \$5,000 or less, far below what they’re likely to pay. A growing number of parents have been turning to loans in their own name to fill the gap, leaving Gen-X and Boomers heavily burdened by debt as they approach retirement—and Millennials may want to think twice before adding the student debt of their children onto their own student debt burden. After graduation, nearly two-thirds (64%) of recent graduates and their parents say the final balance of their loans was higher than expected.

HIGH SCHOOL STUDENTS SEEK PASSION, PAY, AND STABILITY AFTER COLLEGE

What are your top goals for pursuing higher education?



55%

“Getting a job in a field I’m passionate about”



53%

“Getting a job that pays well enough to support me and my long-term goals”



51%

“Setting myself up for a solid/stable career”



23%

say getting a job that allows them to give back to their community or the world is among their top goals



Students & parents agree:

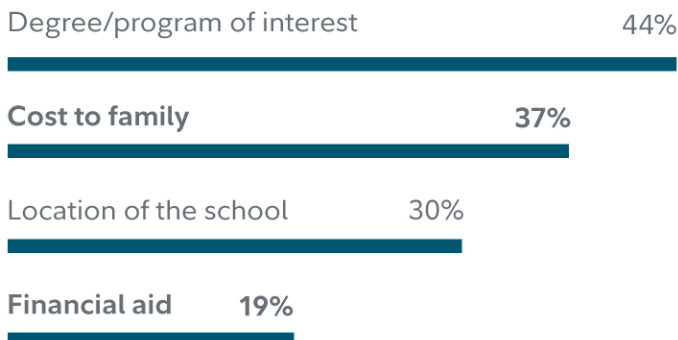
While many types of education could **help them achieve their goals**, parents and students alike are more likely to give public in-state colleges and universities high marks.

| Would this type of education help you meet your goal? | Apprenticeship/ trade school | | Community College | | Public in-state | | Public out-of- state | | Private college | |
|--|---------------------------------|------------------|-------------------|---------|-----------------|---------|----------------------|---------|-----------------|---------|
| | STUDENTS | PARENTS | STUDENTS | PARENTS | STUDENTS | PARENTS | STUDENTS | PARENTS | STUDENTS | PARENTS |
| "Getting a job in a field I'm passionate about" | 68% ¹ | 82% ² | 79% | 87% | 93% | 96% | 86% | 88% | 80% | 86% |
| "Getting a job that pays well enough to support me and my long-term goals" | 69% | 87% | 80% | 87% | 92% | 94% | 85% | 88% | 83% | 89% |
| "Setting myself up for a solid/stable career" | 69% | 86% | 81% | 90% | 90% | 96% | 85% | 88% | 78% | 89% |

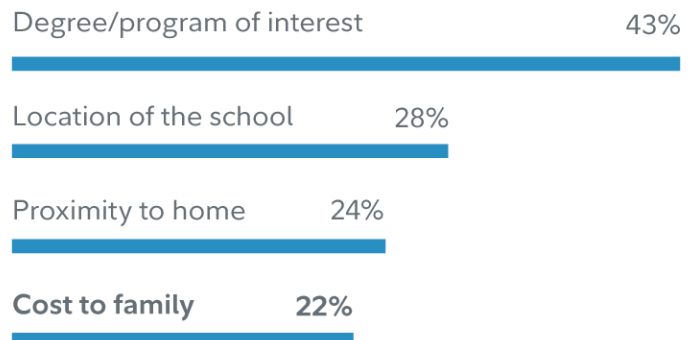
Top factors in choosing where to go for college:



High School Students



Recent College Graduates



¹ High school students who say each type of school would help them meet their goal

² Parents of high schoolers who say each type of school would help children meet their goal

So just how important is the cost of college?



* when asked specifically about how important cost is in choosing where and how to pursue higher education

4 in 10

HIGH SCHOOL STUDENTS

rate cost as
"most important"*

THE PRICE IS... NOT RIGHT:

Many parents underestimate what one year of college costs:

High school parents' estimate

\$22.2k

Public in-state four-year college**

\$26.8k

Private four-year education**

\$54.8k



One-quarter of high school parents believe the full sticker price for a year of college will be \$5,000 or less, and 38% of high school students say the same.

** College Board 2020 Estimates

HIGH SCHOOL PARENTS SAY:

Grants & Scholarships

49%

Financial Aid

44%

Student Loans

35%

General savings

33%

Parents' income during attendance

25%

Child's income during attendance

20%

Dedicated college savings accounts (i.e. 529s)

19%



How will families pay for higher ed?

Nearly half (49%) of high school parents expect grants and scholarships to play a role in financing education, but only one-third of recent graduates say they benefitted from these programs.

Have parents started saving for college?

63%

OF HIGH SCHOOL PARENTS

say they've started saving for their child's education

5

YEARS OLD

is the median age of their child when they started saving

SAVERS SAY THEY FEEL:

"Grateful to have saved some money toward college"

"Optimistic my child will be able to pursue higher education thanks to the savings"

Planning on debt:

While many families have started saving, **49% of students and parents** say debt did or will play a role in their college financing.



\$21,449

Debt high schoolers expect to have in student loans

\$22,587

Debt parents expect to have in parental loans

of those planning to take out loans

STICKER SHOCK:

Recent college graduates & their parents react to loan balances:

HIGHER THAN EXPECTED



Student and Parent Loans
(excluding PLUS loans)



PLUS Loans

9

YEARS

How long recent graduates expect repayment to take



Nearly one-third (31%) of recent graduates with student loan debt say they don't know how long it will take to pay it down.

"PLUS" Loans:

Federal unsubsidized loans available to graduate students and to parents of undergrads. They carry a 6.28% fixed rate for loans first disbursed after July 1, 2021, and before July 1, 2022 and require underwriting. Loan terms can range from 10 to 30 years.

It is a growing source of student debt, as more parents of high schoolers say they are likely to take on this type of debt to finance their child's education.

"I've taken one out / I plan to take one out"



26%

PARENTS OF HIGH SCHOOL STUDENTS

18%

PARENTS OF RECENT COLLEGE GRADS

Nearly three-quarters of parents who are familiar with PLUS loans say they expect it will impact:



"My ability to save for retirement"



"My ability to pay down other debt"



"My ability to manage my own day-to-day expenses"

"Helping my kids pay for college was always a goal for me, and when it came time to enroll, these PLUS loans seemed like a good solution. I don't regret their education, but I do wish I knew then what I know now: this debt is part of my financial picture for the foreseeable future."

Financial security is a top priority for parents and students:

TOP PRIORITY:

"Financial security for myself and/or my family"



OF ALL RESPONDENTS

TOP PRIORITY:

"Living debt free"



HIGH SCHOOL STUDENTS



1 in 5

RECENT GRADUATES

To help all families plan and pay for the college journey, Fidelity offers resources, including a [College Savings Calculator](#) to see if you're on track to meet your goals, a [Student Debt Tool](#) to analyze current and future loans, and a [Student Debt Contribution Benefit Program](#) for employers.

[FIDELITY.COM/COLLEGE](https://www.fidelity.com/college)

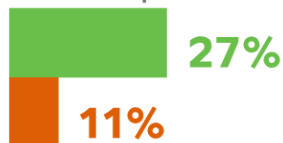
ADVISORS CAN HELP:

Those with an advisor are more likely to...

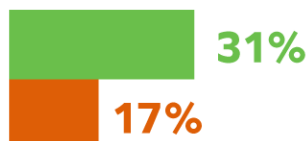
Have started saving for child's education:



Have used/plan to use a dedicated college savings account:



Use online tools/calculators to estimate the cost of college:



■ With an advisor
■ Without an advisor

About the Fidelity Investments 2021 College Savings and Student Debt Study

This study presents findings of an online survey among a sample of 4,004 respondents who are 15 years of age or older and either a current high school student in grades 10-12, a recent graduate of an undergraduate program, a parent of a high school student in grades 10-12, or a parent of a recent graduate. Fielding for this survey was completed between May 27, 2021 and June 25, 2021 by Engine Insights, which is not affiliated with Fidelity Investments.

About Fidelity Investments

Fidelity's mission is to inspire better futures and deliver better outcomes for the customers and businesses we serve. With assets under administration of \$11.0 trillion, including discretionary assets of \$4.1 trillion as of June 30, 2021, we focus on meeting the unique needs of a diverse set of customers: helping more than 35 million people invest their own life savings, 22,000 businesses manage employee benefit programs, as well as providing more than 13,500 wealth management firms and institutions with investment and technology solutions to drive growth. Privately held for 75 years, Fidelity employs more than 47,000 associates who are focused on the long-term success of our customers. For more information about Fidelity Investments, visit www.fidelity.com/about-fidelity/our-company.

The Student Debt Contribution Benefit is not a product or service of Fidelity Brokerage Services.

Keep in mind that investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.

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