

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 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 last year 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

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

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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.

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 percent - more than twice as fast as medical costs (286 percent) or gasoline (200 percent).

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.
- ▶ As of 2013, the Consumer Financial Protection Bureau reported outstanding student loan debt had increased to more than \$1 trillion.