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TWO THIRDS OF PARENTS PLAN TO SAVE MORE TO MEET SOME OF THE COSTS OF HIGHER EDUCATION

The burden of paying for university is being felt heavily by parents across the UK with almost 15% shelling out for the full cost for their children's University education and expenses, according to new research from HSBC. The survey of over 1,000 UK parents with children under the age of 18 highlighted that just 10% were not planning to help their children with the cost of university and that over 30% were prepared to foot the majority of the bill. Eighteen percent said they would pay approximately half and almost 25% would pay less than half.

Demonstrating the enormity of the financial commitment of university costs, almost half of parents (47%) confirmed that the saving starts by the time their child had turned three. Based on the average cost of a three year course with living costs, those planning to meet the full cost of their child's university study would have to save almost £3,000 per year from when their child was born.** However, one in five parents had not yet started to save by the time their child was ten.

The younger the parents are, the younger their children are when they start saving, reflecting the awareness that university costs are now something that parents cannot leave until their child is older. Over two thirds (70%) had started saving by the time their child was three compared to just 21% of over 55 year olds. Seventeen percent of over 45s did not start saving until their child was 15-16.

Save More, Spend Less

In order to meet the costs of higher education, over 60% of parents (63%) said they would save more money, a 10% increase on 2011. However, this may prove harder for parents than they envisage as the scope for reducing outgoings and boosting income looks to have reduced this year. The proportion of parents who plan to make sacrifices has fallen from 38% saying they would cut back spending compared with 42% last year. Fourteen percent will work overtime compared with 21% in 2011 and 10% confirmed that they would take on a second job compared with 15% last year. Twenty three percent said they would advise their children to live at home in a bid to reduce costs.

Top Five ways Parents are preparing for the Cost of Higher Education:

2011

2011	2012
Saving more (54%)	Saving more (63%)
Cutting back on luxuries (42%)	Cutting back on luxuries (38%)
Advising child to live at home for university (26%)	Advising child to live at home for university (23%)
More overtime at work (21%)	More overtime at work (14%)
Taking on a second job (15%)	Taking on a second job (10%)

Bruno Genovese, Head of UK Savings at HSBC commented:

“Whilst the effects of raising tuition fees on students has been well documented, in many cases it is parents who end up footing the bill. However, most see this as an investment and an opportunity to help their children with a better financial future.

“For many parents who have not yet started saving due to such a sharp rise in fees, this will mean making sacrifices such as working extra hours or cutting back on luxuries. However, for those who have younger children and are aware of the increased costs, the majority are doing the sensible thing in starting a savings fund early on.”

-ENDS-

* Survey carried out by Opinion Matters among 1,009 UK adults with children under the age of 18 between 7th and 15th June 2012.

** Based on the average cost of sending a child to university of £52,376 (LV= Cost of raising a child survey, February 2012) divided by 18 years = £2909.77 per year

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