



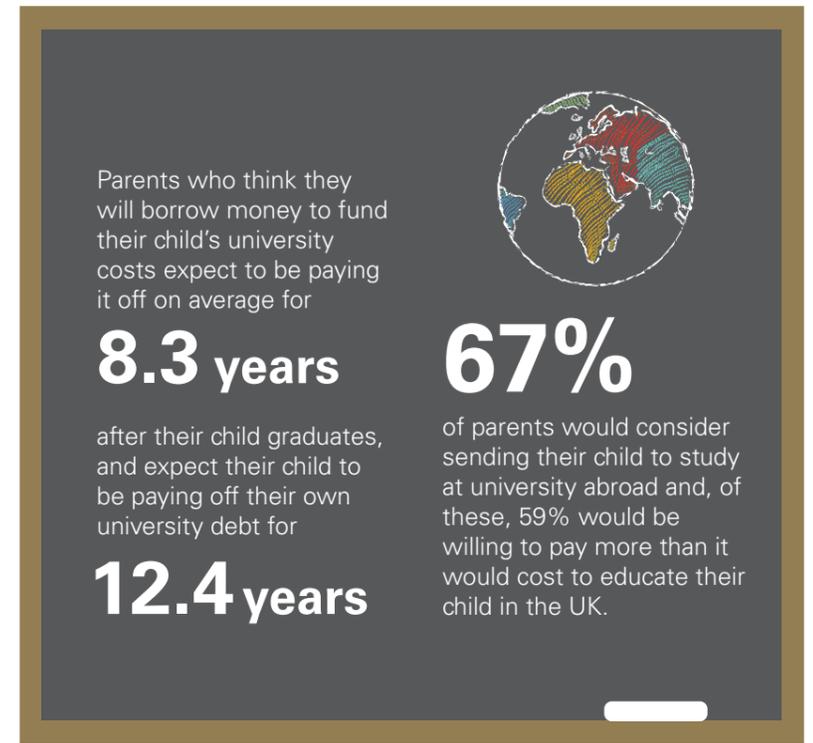
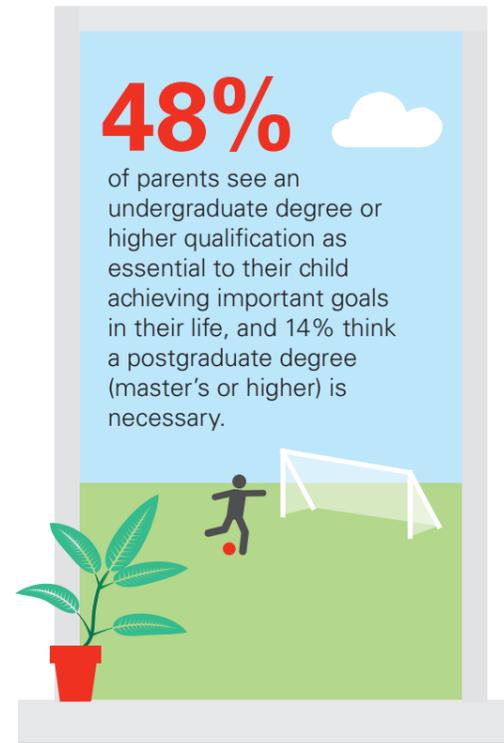
The Value of Education

Learning for life

UK Report

HSBC 

Key findings



72%

of parents have a specific occupation in mind for their child, with medicine (11%), computer science (9%), and science (8%) the most popular.

71%

of parents think that a university education is unaffordable for the majority of people.

60%

of parents with a pre-primary school child think they will save up to cover their future university costs; however, only 39% of those with a child at university are funding or planning to fund their contribution from savings.



The research

The Value of Education is an independent consumer research study into global education trends, commissioned by HSBC. The global report, *Learning for life*, is the second in the series and represents the views of 5,550 parents in 16 countries and territories.

The findings in this report are based on a nationally representative survey of 352 parents in the UK, who have at least one child aged 23 or younger currently (or soon to be) in education, and who are solely or partially responsible for making decisions about their child's education. The research was conducted online by Ipsos MORI in March and April 2015.

All references to income refer to gross annual household income.

72%

of parents have a specific occupation in mind for their child

Making the grade

Happiness, health and financial well-being

Most parents want a happy life for their children – over three-quarters (77%) say that being happy in life is one of the three most important goals they would like their children to achieve as adults.

Parents prioritise their children fulfilling their potential over purely achieving academic or career success, with half (50%) saying this is an important goal.

Financial security and physical well-being are also rated highly in parents' hopes for their children. Nearly two in five (39%) say earning enough to enjoy a comfortable life is among their top three goals, and over a quarter (27%) say it is important for their children to lead a healthy lifestyle.

Fewer than one in five (17%) parents rate career success as an important goal for their children. This is more important to parents of older children, rising to over a quarter (28%) among those whose children are currently at university.

Career ambitions

When it comes to the occupations that parents would most like their children to go into, nearly three-quarters (72%) have a specific job in mind. Even parents of very young children have given thought to their future careers. Almost three in five (58%) have a preferred occupation for their pre-primary school child, with this proportion rising to over seven in 10 once children enter formal education (73% at primary level, 78% at secondary and 71% at university).

Parents' career preferences for their children are based on several factors. More than a third (38%) take into account their child's individual strengths when considering a desired occupation. Parents are more likely to consider this once their children are old enough to have developed their individual talents, rising from less than one in five (18%) at pre-primary school level to two thirds (67%) at university level.

Just under a third of parents say that income-earning potential (32%) and job satisfaction (31%) influence their career preferences for their children.

Around a quarter of parents favour occupations for their children that are intellectually challenging (26%), that offer a good work/life balance (23%), that provide job security (23%) or that deliver benefit to society (23%). These considerations vary, depending on whether the child is male or female. Parents are more likely to want their sons to go into an occupation that is intellectually challenging (30%) than they are their daughters (23%). In contrast, they are more likely to want their daughters to attain a satisfying work/life balance (26% of parents) and deliver benefit to society (30%) than they are their sons (20% and 16% respectively).

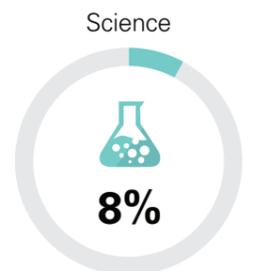
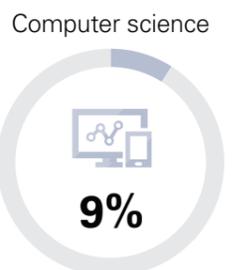
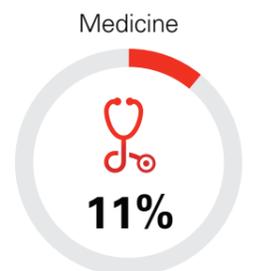
Doctors, IT experts and scientists

Professional, science-based careers – which traditionally combine good income-earning potential with a high level of job security – take the top spots in parents' preferences for their children. Medicine is the most favoured occupation, with more than one in 10 (11%) parents preferring it. Computer science (9% of parents) and science (8%) are also popular.

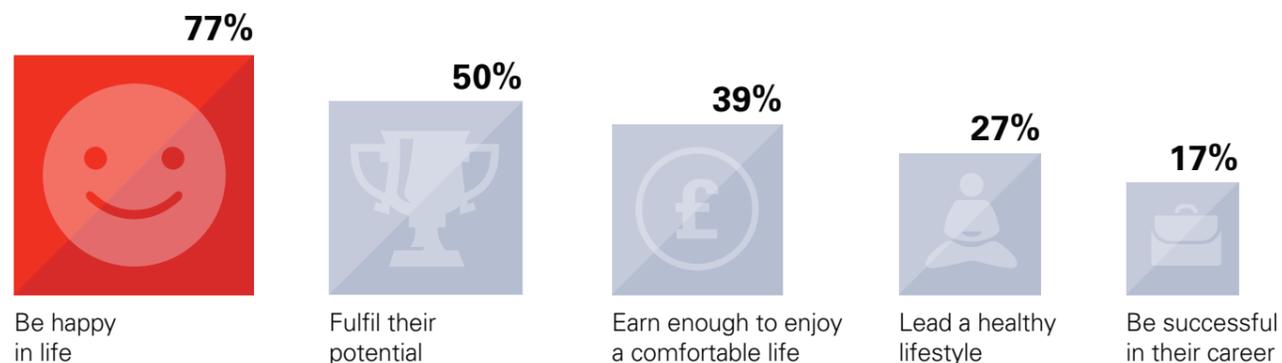
Medicine is twice as popular a preference among parents with pre-primary school age children (16%) as it is among those whose children are currently in secondary school or university (8%), reflecting the challenging entry requirements for this career.

There is a distinct gender gap when it comes to career preferences. Parents are more likely to want their daughters to go into medicine (15%) than they are their sons (6%). They are, however, more than three times as likely to want their sons to go into computer science (13%, compared to 4% for daughters). This is true regardless of parents' own gender.

Medicine, computer science and science are parents' top career preferences for their children



The ultimate goal parents have for their children is to be happy in life



Q: What are the three most important goals that you want your child to achieve as an adult?
A: Ranked 1, 2 or 3. (Base: All parents)

Q: Which, if any, of these specific types of occupation would you most like your child to go into? (Base: All parents)



48%

of parents think their child needs an undergraduate degree or higher qualification to achieve their life goals

Higher education: a recipe for success and happiness

The road to achievement

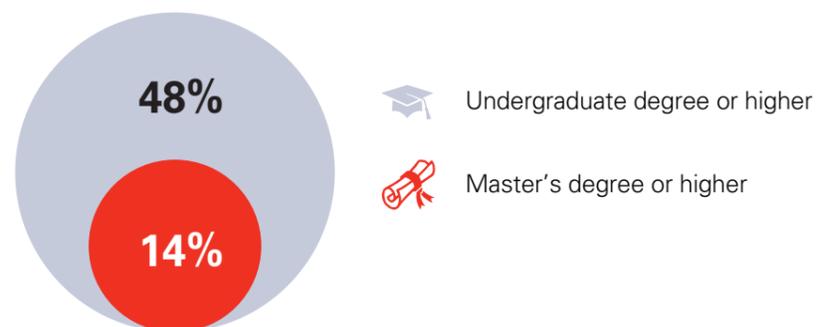
Although more people are going to university and gaining undergraduate degrees¹, many parents do not necessarily see a university education as an essential requirement for children to achieve the goals they wish for them. Fewer than half (48%) of parents who have specific goals for their child think that an undergraduate degree or higher qualification is necessary, and one in seven (14%) think a postgraduate qualification (master's degree or higher) is needed.

Parents in more affluent households are likely to place higher value on university education as a means to achieving life goals. More than three in five (61%) of those with a gross annual household income of GBP75,000 or more see an

undergraduate degree or higher as necessary for their child to achieve their goals, and almost one in five (18%) a postgraduate degree. In contrast, attaining at least an undergraduate degree is seen as necessary by just over two in five (42%) parents whose household income is less than GBP75,000, and a postgraduate degree by just over one in 10 (13%).

Parents who received an undergraduate education themselves are no more likely to see having at least an undergraduate degree as necessary for their children (42%) than those whose education stopped at secondary level (44%). However, this proportion rises to more than half (57%) of parents with a postgraduate education.

Almost half of parents think an undergraduate degree or higher qualification is necessary for their children to achieve their life goals



Q: What are the three most important goals that you want your child to achieve as an adult? Q: What level of education do you think is necessary for your child to achieve these goals? (Base: Parents who have specific goals for their children to achieve as adults)

¹ In the UK, the tertiary education graduation rate has risen from 42% to 51% between 2000 and 2010 (www.uis.unesco.org/Education/Documents/oeecd-eag-2012-en.pdf - p 68)

Quality, facilities and employment rate: finding the right balance

Given the importance that some parents place on their child getting a university degree, the choice of academic institution is one for careful consideration. A number of different factors feed into the final decision.

The quality of teaching is the strongest consideration – almost nine in 10 parents (86%) say this is important when choosing a university. Three-quarters (75%) say the university's facilities/equipment are important, and more than three in five (62%) say its graduate employment rate.

Other factors considered by the majority of parents include the cost of living (59%), the prestige and reputation of the institution (58%), the cost of tuition fees (56%) and its academic specialism (56%).

Subjects matter

While the choice of a university is important, parents also feel that the subject they study will have a major impact on their children's future success.

The most popular degree subjects are professional or science-based. Over two in five (43%) parents would most like their children to study one of the following five subject areas at university: engineering (11%); medicine (10%); computer and information sciences (9%); business, management and finance (7%); or natural and physical sciences (7%).

Asking for advice

More than two in five (42%) parents have sought advice about their child's university education. The most popular sources of advice are family members (12%

Most parents have paid or would consider paying for additional tutoring for their children



Q: Have you paid or would you consider paying for any additional tutoring for your child at any of the following stages of their education: primary school, secondary school or university? (Base: All parents)

of parents), careers advisors (11%), teachers (10%) and friends (9%).

Of parents who obtained advice on their child's university education, nearly three in five say that it gave them a more realistic view of the options available (58%), or that it increased their confidence (58%). Over half of parents say that, by seeking advice, they learned of possibilities and options they had not considered (55%) or gained a better understanding of the financial implications (53%). A similar proportion say that they avoided making mistakes (50%), were alerted to barriers and complications they had overlooked previously (46%), or relieved their worries (45%).

Giving an extra boost

Parents are keen to provide extra educational support for their children. Nearly two thirds (65%)

have either paid or would consider paying for additional tutoring during at least one stage of their children's education.

In total, almost a quarter (23%) of parents have paid for additional tutoring at least once during their children's education. Just over one in 10 (13%) parents have paid for additional tutoring at primary school level, while over a quarter (26%) have paid for tutors to supplement secondary school education. Fewer than one in 20 (4%) have paid for tutoring for children at university.

Of parents who would not consider paying for additional tutoring for their child, more than two in five (43%) think their child does well in school without extra help, and over a quarter (26%) think their child already spends enough time on school and homework. However, cost is a barrier for some, with over a third (36%) saying they cannot afford it.



59%

of parents think their child's generation faces a tougher job market than they did

Sound foundations for a successful life

The path to adulthood

Parents view university as a rite of passage into adulthood for their children. Non-academic softer skills – such as the ability to live independently, to manage money responsibly and to socialise with confidence – are seen as even more important than traditional academic learning.

For more than four in five parents, what is most important for their children to gain from their university education is that they become independent (86%), socially confident (83%) or learn to be financially responsible (82%).

Over three-quarters (76%) of parents think that their children becoming knowledgeable about the wider world is an important benefit of the university experience, a higher proportion than those who think excelling academically (68%) is important.

Wider skills for a tougher market

Parents see the job market as increasingly competitive, regardless of the educational stage of their children. Nearly three in five (59%) think it is harder for their child's generation to find a job after finishing their education than it was for their own generation. Over a third

(36%) believe that it is more necessary to have a postgraduate degree to stand out in the job market.

Only around one in 10 (12%) think the job market was tougher, and just over one in five (21%) think that a postgraduate degree was more necessary for their own generation.

Parents of older children are particularly likely to think their child's generation has it tougher than they did. Among those with a child at university, almost two thirds (66%) think that their child's generation faces a harder time finding a job than did their own generation, and over half (51%) think that it is more necessary

to have a postgraduate degree. Only around one in 20 parents with a university-age child think that their own generation had greater difficulty finding a job after finishing education (5%) or had more need of a postgraduate qualification (6%).

In this perceived tougher job market, pure academic achievement is no longer seen as enough to give children a competitive edge: parents expect universities to equip their children with a broader set of abilities.

More than half of parents rank learning to live independently (55%) and developing enhanced confidence/social skills (54%) within the three most valuable aspects of university in preparing students for life after graduation. Learning to work and study independently is also valued highly (46% of parents rank it in the top three).

In contrast, course-specific skills are seen as less important. Just over a third (35%) of parents rank this in the top three things that help students prepare for life after graduation, while an even lower proportion (21%) rank studying a chosen subject in depth.

Getting the balance right

Parents are divided on whether university students work too hard or not hard enough. Too much time spent studying could mean they do not have time to develop the softer skills they need to succeed in the job market.

More than a quarter (28%) of parents with a child at university say that their child spends too much time on independent study outside their taught classes, compared to a fifth (20%) who think they do not spend enough time on it.

Parents with children at secondary school are less inclined to think that their children are being pushed too hard. Three

in 10 (30%) think their child does not spend enough time on homework, while just over one in 10 (11%) think they spend too much time on it. Among parents whose children are at primary school, opinion is evenly divided, with just under one in five thinking their child spends too much or too little time on homework (both 18%).

At primary level, parents tend to be harder on their sons than their daughters, with a quarter (25%) of parents thinking their son is not spending enough time on homework, and one in 10 (10%) thinking this of their daughter. The gender gap is less pronounced at secondary school (33% son and 27% daughter) and at university level (23% and 16%).

Universities: could do better

Given the large number of parents hoping that their children will study to university level, a key question is whether universities

offer a good return on investment. Many parents believe this is not the case – nearly half (46%) of them think that a university education offers poor value for money.

Around half of parents whose highest level of education is secondary school (51%) or university undergraduate (48%) think that university offers poor value for money. This falls to just over two in five (41%) among parents who studied to postgraduate level.

Of parents who say a university education represents poor value, more than two in five (43%) believe it does not do enough to enhance career prospects, while a third (33%) think it does not teach skills that are applicable in the real world or that students would be better off going straight into employment instead (33%).

By not equipping students with the right skills to stand out in the job market, universities risk failing to meet the demands of the modern world.

Many parents think a university education offers poor value for money



Q: Do you think a university education in your country offers good value for money, or not? A: Fairly or very poor value for money. (Base: All parents)

71%

of parents think a university education is unaffordable for most people

Funding the future

Out of reach

Although some parents doubt whether going to university offers good value for money, many others see it as a pathway to future success for their children. However, a university education comes at a significant cost – which is not always seen as being within financial reach.

Indeed, more than seven in 10 (71%) parents think that university is unaffordable for most people.

Who pays?

When it comes to funding a university education, it is typically parents who provide the money.

More than nine in 10 (91%) parents who are expecting their children to go to university plan to contribute to their tuition

fees and/or living costs. Among parents who already have a child at university, a similarly high proportion (88%) say that they are currently contributing or plan to contribute to the cost.

Just over one in 10 (13%) parents whose children are yet to reach university anticipate that grandparents will share the financial burden. This is consistent with the proportion (16%) of parents with children currently at university who say that grandparents are contributing or expected to contribute.

More than half (51%) of parents whose children are in secondary school or below expect their children to contribute towards their own future university costs, while only just over two in five (43%) parents with children currently at university say their children are actually making or

expected to make a financial contribution.

The need to save

Parents recognise the need to save to help pay for their child's university education – but many do not put this into action.

Three in five (60%) parents of pre-primary school children think they will fund their children's future university costs through savings, and only around one in 10 (11%) think they will rely entirely on day-to-day income. However, among parents whose children are currently at university, fewer than two in five (39%) are using or plan to use saved funds, and nearly a quarter (23%) are reliant or expect to rely entirely on day-to-day income.

Among those parents who have not yet saved anything towards the cost of their child's university education, nearly three in five (57%) say they did not have enough money left to do so after paying day-to-day bills, while nearly one in five (18%) say they had just not given it any thought.

The need to borrow

The struggle to save, and the difficulty of paying for university costs from day-to-day income, leads many parents to seek to borrow money to fund university education.

Nearly a quarter (23%) of parents of pre-primary school children who are expecting their children to go to university think they will have to take out a loan, while over a third (36%) of parents whose children are currently at university have taken out a loan or expect to have to do so.

Parents who expect to borrow, or are currently borrowing, to pay for university costs recognise the implications, expecting to spend on average 8.3 years repaying the debt after their children have finished their education.

First steps to financial independence

Learning to become financially responsible – which 82% of parents believe to be an important benefit of a university education – can start with children contributing to the cost of their own university studies.

For many parents, the expectation that children will contribute to their own university costs exists before they even begin primary school education. More than half (55%) of parents with a pre-primary school child expect that, once their child reaches university, that child will personally contribute to their own tuition fees and/or living costs. However, only around

two in five (43%) parents with a child at university say that their child is actually contributing or expected to contribute.

Getting a job while at university is one way for children to fund their university education. Over half (52%) of parents think that their children will have to work, or say they are currently working, either part time or full time, while they are studying.

Fewer than one in five (16%) parents think their children will save up to contribute towards the cost of their own university education, or say their university age children are using or expect to use their own savings to contribute.

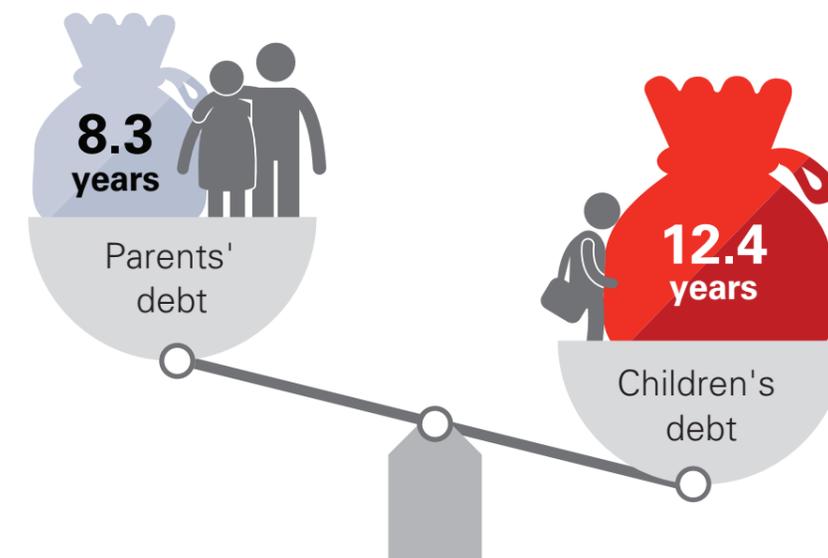
Loans to study

Borrowing money is the main means by which parents expect their children to help fund their university studies. More than seven in 10 (71%) parents think their children will need to take on debt to do this, or say they already have.

This borrowing consists primarily of specific student loans (69%); however, other general borrowing, such as personal loans or credit cards, also plays a role (8%).

Parents expect their children to be repaying their own university debt on average for 12.4 years after they finish their university education.

Parents expect their own and their children's university debts will take years to repay



Q: You mentioned that you/your partner are funding or expect to fund your child's university costs through borrowing. How long do you expect it to take to pay off this debt once your child finishes their university education? (Base: Parents who expect to borrow money or have borrowed money to fund their child's university education)

Q: You mentioned that your child is funding or expected to fund their university costs through borrowing. How long do you expect it to take them to pay off this debt once they finish their university education? (Base: Parents who expect their children to borrow money or whose children have borrowed money to fund their own university education)



67%

of parents would consider sending their child to university abroad

Broadening horizons: higher education abroad

Increasing opportunities

Half (50%) of parents believe that their children's generation has more opportunity to study or travel abroad than their own generation did at the same age.

Just over one in 10 (11%) say that this opportunity was greater for their own generation, while the remainder (39%) think that the level of opportunity is the same for their children's generation as it was for theirs.

The difference between generations is particularly strong among parents of older children. More than three in five (61%) parents with a child at university think there is more opportunity for their child's generation to travel or study abroad. Among those with a child of primary school age or younger, less than half (45%) think their child's generation has more opportunity.

Parents see important experiences to be gained by

students who take advantage of this increased opportunity to study at university abroad. More than three-quarters (76%) rate students becoming more knowledgeable about the wider world as a key benefit of a university education, while nearly three in 10 believe that learning to speak another language (29%), or getting the opportunity to live abroad and to experience different cultures (27%), are important.

Given these benefits, it is not surprising that two thirds (67%) of parents would consider sending their child abroad to university, for either undergraduate or postgraduate study. This rises to over eight in 10 (81%) parents in households with a gross annual income of at least GBP75,000, compared to just over six in 10 (61%) parents with a household income of less than GBP75,000.

Gender also plays a role in how receptive parents are to the idea of their child going to university abroad. Parents are more inclined to consider sending their sons abroad (72%) than their daughters

(62%), and fathers are more likely to consider the idea (71%) than mothers (64%).

Parents' ambitions for an international university education vary according to the age of their children. Although seven in 10 (70%) parents with pre-primary or primary school children would consider sending their child abroad to university, the proportion is smaller for parents with older children, with less than two thirds of parents whose children are currently in secondary school (63%) or university (62%) saying they are considering an international university education.

Cost is a barrier

For parents who would not consider sending their child to study at university abroad, the main barriers are that they do not want their child to be so far away from home (25%), or that they would like to but cannot afford it (24%).

Parents of pre-primary or primary school children are more likely to say they do not want their child to be so far from home (32%), while for those whose children are at secondary school or university this is less of a consideration (18%). Not wanting their child to be far from home is a more prevalent reason among mothers (31%) than fathers (18%), and more parents feel this way about their daughter (33%) than their son (17%).

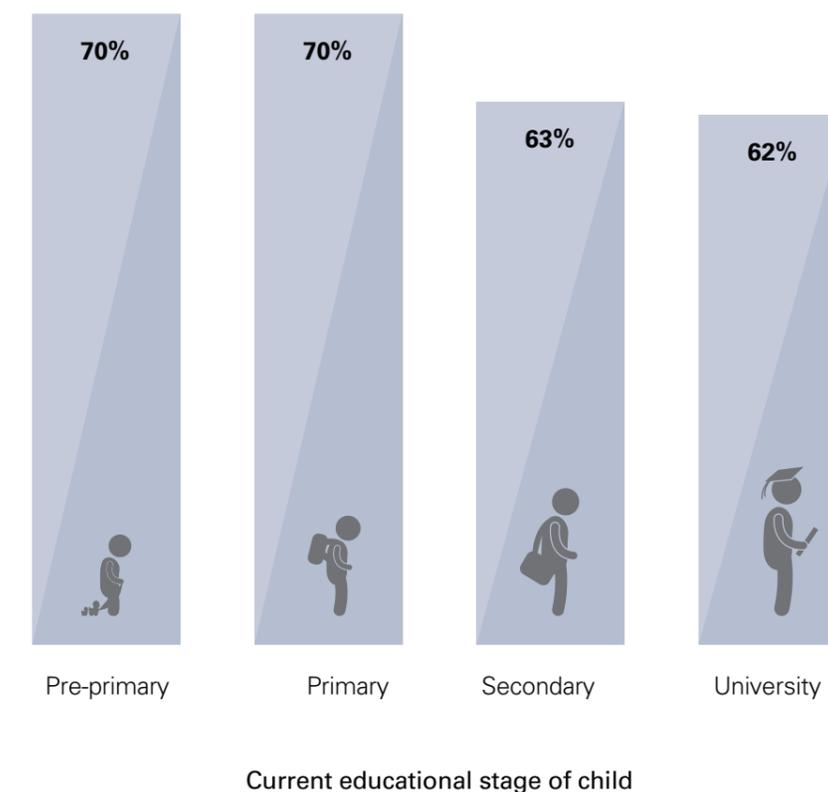
Parents with older children are more conscious of the cost barrier. Of those with pre-primary or primary school children who would not consider sending them to university abroad, less than a quarter (22%) say they would like to but cannot afford it, while among parents with children of university age, this proportion is higher (43%).

The quality of education available is also a factor in deterring some parents from considering an international university education for their children; more than one in five (21%) parents think that the UK offers a superior university education.

Worth paying more

The benefits to be gained from studying abroad come at a cost. Nearly three in five (59%) parents who are open to the idea of an international university education would consider paying more for it than they would to educate their children in the UK. Nearly one in four (23%) would consider paying at least a quarter more, while almost one in 10 (9%) would consider paying at least half as much again for their children to go to university abroad.

Parents' hopes of an international university education for their children vary with age



Q: Would you consider sending your child to university abroad, for either undergraduate or postgraduate study? A: Yes.

(Base: Parents who expect their children to go to or whose children are currently at university)

Practical steps for planning your child's education

Here are some important insights and practical actions drawn from the research findings, for parents to consider when planning for their children's education.

1 Plan for higher ambitions

More than one in 10 (14%) parents say a postgraduate qualification is a necessity for their children to achieve important goals in their lives.

Think about the financial implications of your children staying at university for longer, and have a plan for meeting these costs.

2 Ask for advice

Around half of parents who sought advice about their children's university education say that they learned about possibilities and options they had not considered (55%) or became aware of barriers and complications they had overlooked (46%).

Don't be afraid to seek advice. Make the most of the many resources available to give yourself a better idea of the opportunities and pitfalls involved in making university choices.

3 Allow for extra

More than one in 10 (13%) parents have paid for additional tutoring for their primary school children. However, over a third (36%) of parents who would not consider tutoring say this is due to the cost.

Be sure to allocate sufficient money to support your child's educational development from the earliest stages.

4 Encourage independence

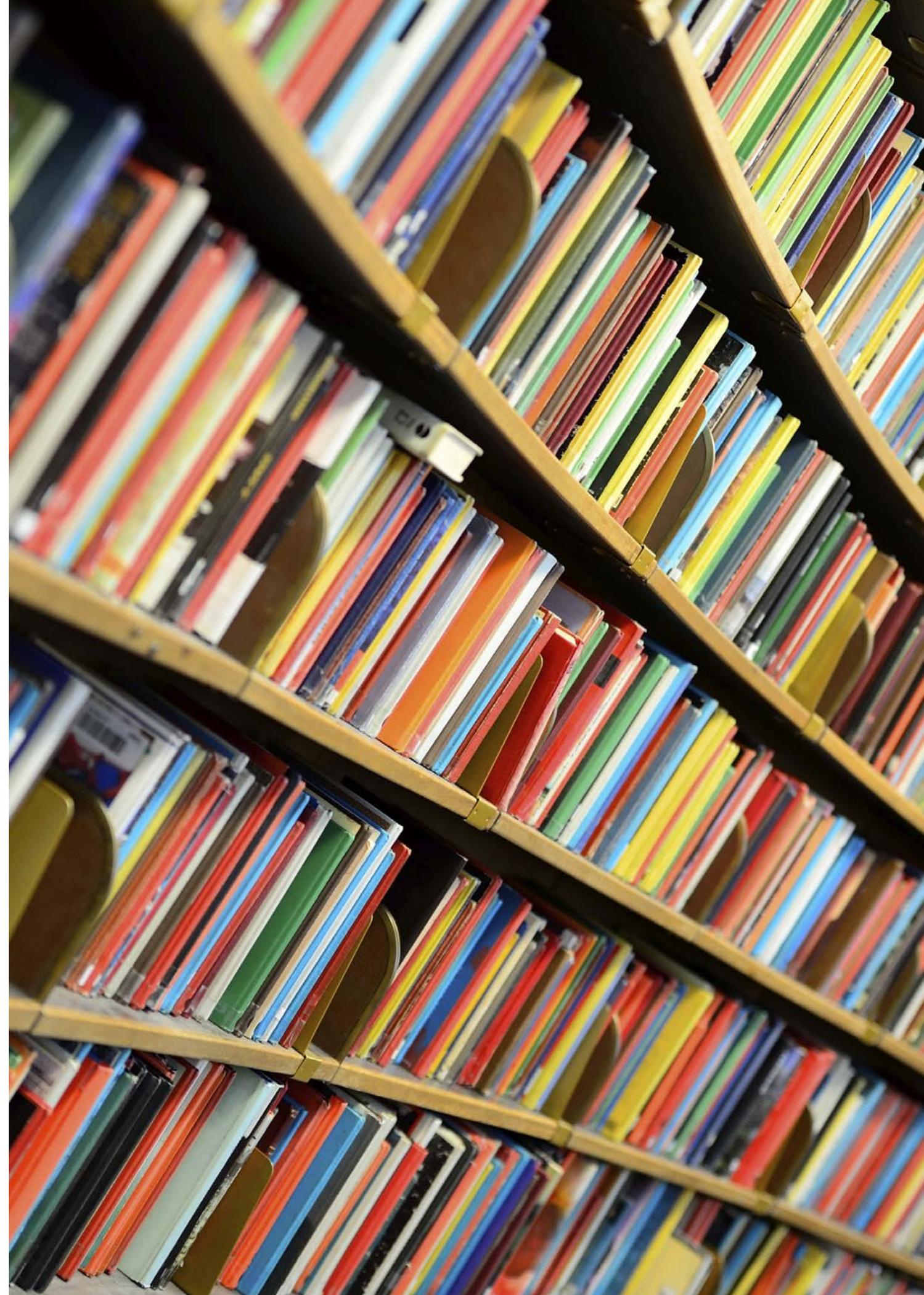
More than four in five parents say that becoming independent (86%) or learning to become financially responsible (82%) are important benefits of a university education. More than two in five (43%) of children currently at university are helping or planning to help fund their education through saving, borrowing, paid work or other means.

Becoming financially responsible is an essential step towards adulthood. Start teaching your children how to manage their finances from an early age.

5 Save more, repay quicker

Parents anticipate that money they borrow to fund their child's university costs will take an average of 8.3 years to repay. Three in five (60%) parents with a pre-primary school child think they will use savings to cover their future costs; however, only 39% of those with a child currently at university are using or planning to use savings.

To minimise the impact of borrowing, start saving early and don't let your plans get derailed.



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