

Investing in the Future

A Survey of College Students Regarding the Value
and Financing of Higher Education

Executive Summary & Survey Findings

May 2018

EXECUTIVE SUMMARY

As thousands of college students finalize their financial aid plans for the coming year, a new nationwide survey by Ascent Student Loans has found that while the financial responsibility on students is greater than they expected, they don't believe the value of a college education is keeping pace with the increasing price tag.

Nearly half of students report they are now shouldering more responsibility for paying for college than originally anticipated – and in most cases are covering at least 50 percent of the total investment. At the same time, more than half of students (51 percent) do not believe the value of a college education has kept up with the rising cost.

The survey, sourced from Fulcrum by Lucid and commissioned by Ascent Student Loans, surveyed 1,027 college students in May 2018 between the ages of 18 and 24, currently enrolled in a four-year bachelor's degree program who have taken out student loans.

Key insights include:

- **The financial responsibility being placed on students are exceeding their initial expectations.**
 - More than half (55 percent) report doing the majority of the research regarding student loan options.
 - More than 60 percent cite themselves as the final decision-maker in choosing their financing options.
 - More than 60 percent report they are responsible for covering more than half of the total cost of their education.
 - Nearly half of students (47 percent) report they now need to cover more of the cost than originally anticipated.

- **Students do not believe the value of a college education has kept up with the cost.**
 - More than half of students (51 percent) do not believe the value of a college education has kept up with the cost.
 - Only 32 percent somewhat or strongly agree that value has kept up with the cost.

- **Students believe their schools are generally effective at educating them about the cost of their education, but fall short when it comes to communicating expected ROI.**
 - Nearly half of students (47.22 percent) said their college does an extremely or very effective job of educating them regarding the total cost of their education (compared to 22 percent who responded only slightly effective or not at all).
 - However, only 35 percent of students believe their college was extremely or very effective at outlining ROI, compared to nearly 40 percent who rated their college at slightly effective or not at all.

- **While students are very confident about their knowledge of financing options, they are generally uninformed regarding key concepts relative to student loan financing.**
 - About 50 percent claim to be very or extremely knowledgeable about their options, while 40 percent are moderately knowledgeable.

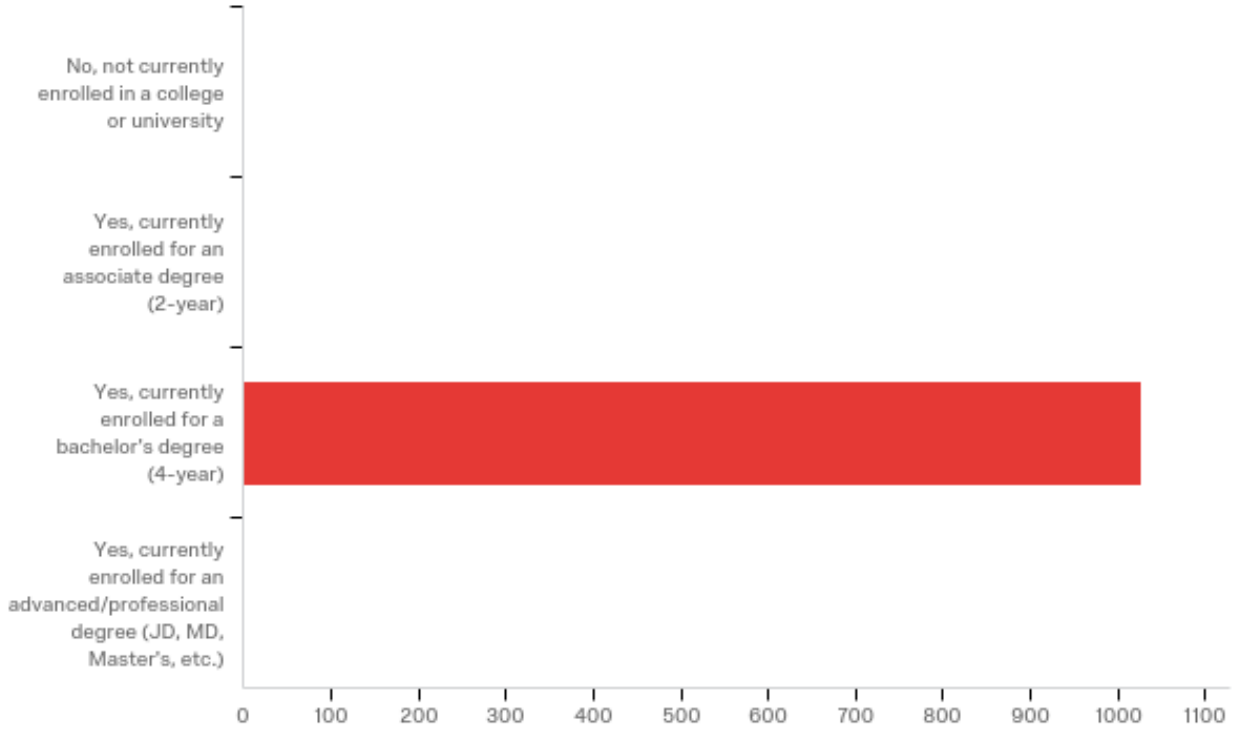
- Less than 20 percent are very or extremely familiar with the important concept of interest capitalization.
 - Nearly 75 percent believe student loans can be forgiven under certain circumstances.
 - Only 21 percent correctly believe the average monthly payment is greater than \$200/month, while nearly one-third believe the average payment is less than \$100/month.
- **Many students believe private student loan companies have a greater responsibility when serving their borrowers.**
 - About one-third of students expect private student loan companies to provide financial advice, planning and tools, followed by advice or counseling on choosing majors and schools (20 percent).

METHODOLOGY

Ascent Student Loans surveyed 1,027 students between the ages of 18 and 24 that have taken out student loans in the US. The survey was fielded using the Qualtrics Insight Platform, and panel was sourced from Fulcrum by Lucid. Fielding was executed in May 2018.

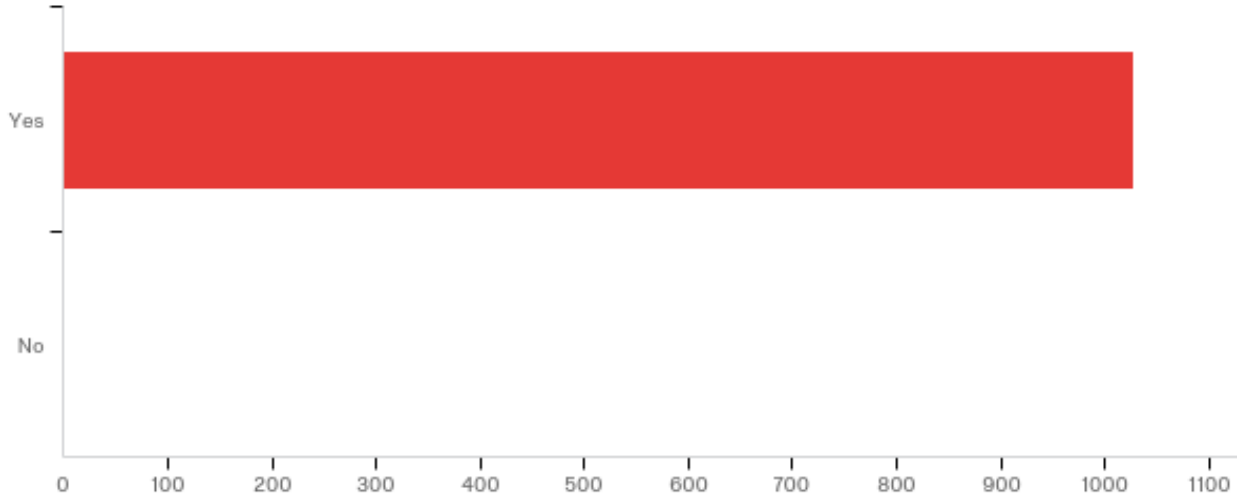
SURVEY FINDINGS

Q1 - Are you currently enrolled at a college or university?



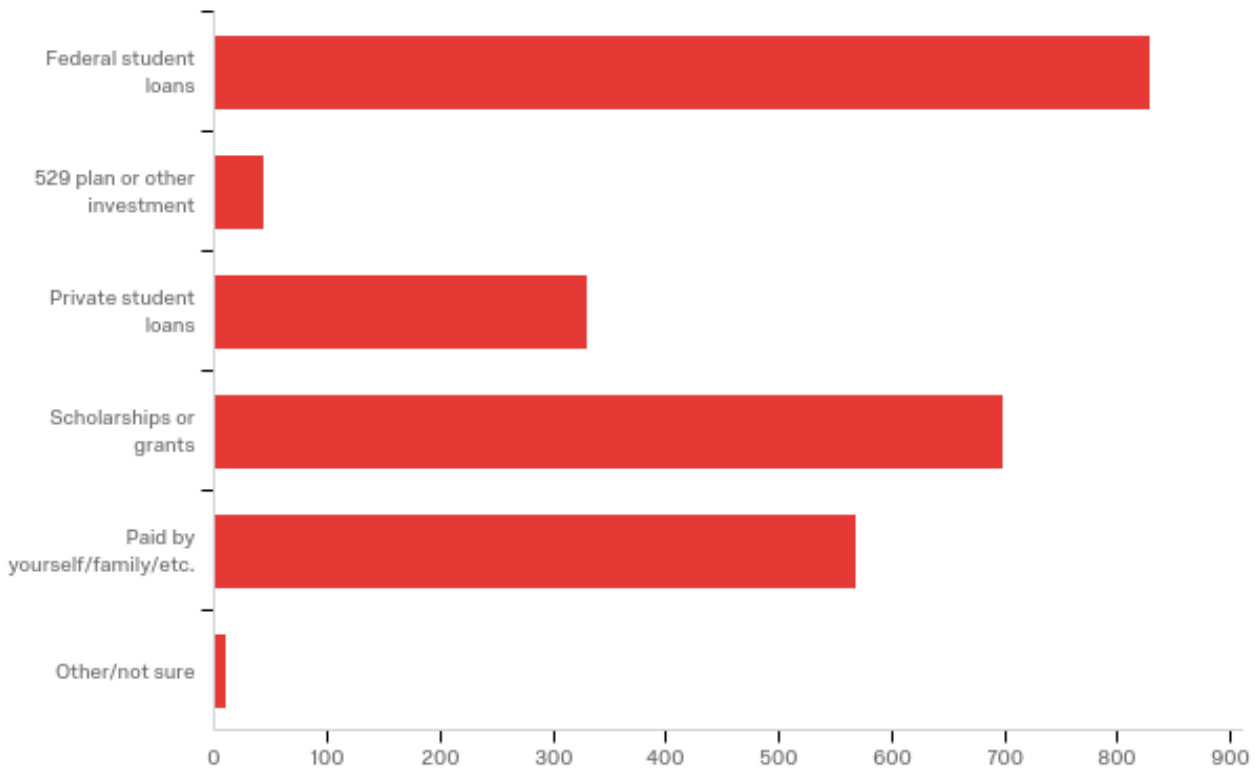
#	Answer	%	Count
1	No, not currently enrolled in a college or university	0.00%	0
2	Yes, currently enrolled for an associate degree (2-year)	0.00%	0
3	Yes, currently enrolled for a bachelor's degree (4-year)	100.00%	1027
4	Yes, currently enrolled for an advanced/professional degree (JD, MD, Master's, etc.)	0.00%	0
	Total	100%	1027

Q2 - Have you taken out loans to pay for any portion of your college education?



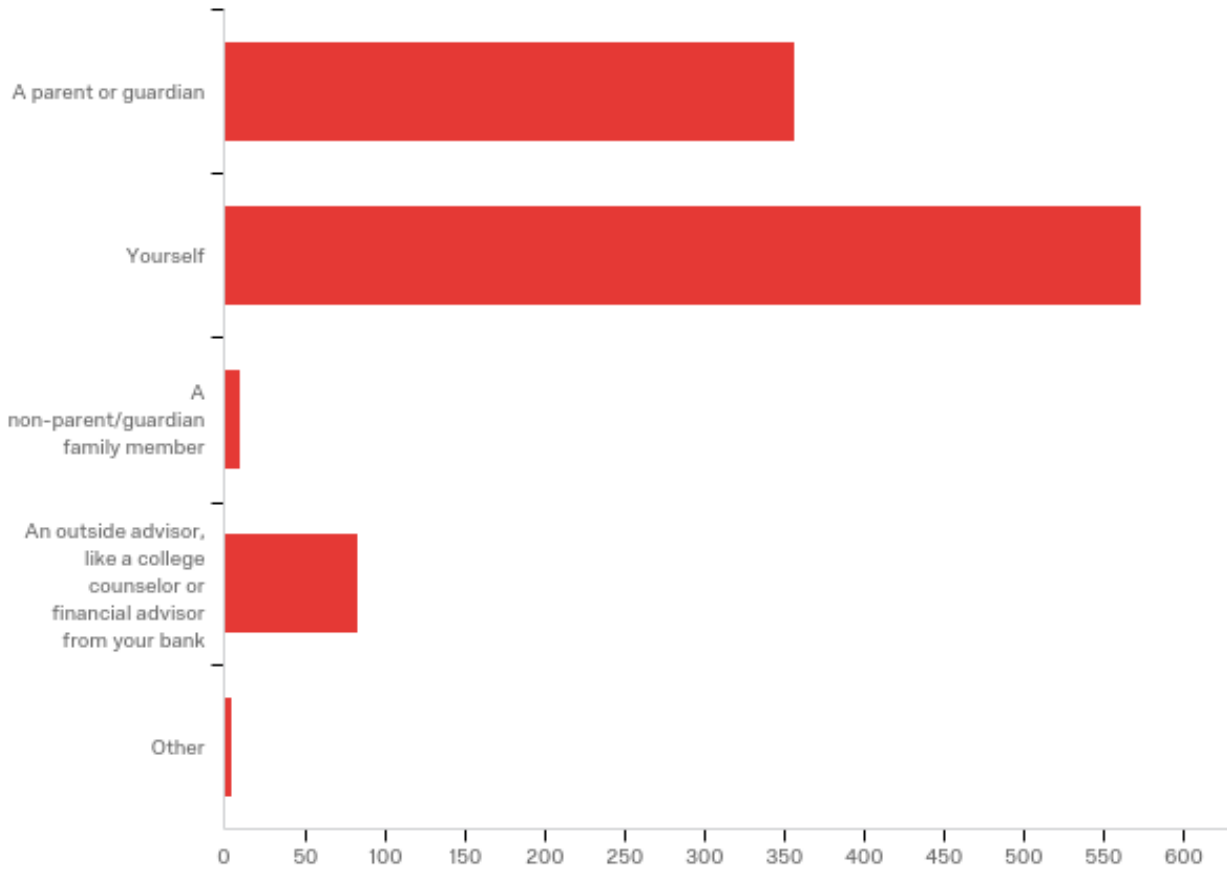
#	Answer	%	Count
1	Yes	100.00%	1027
2	No	0.00%	0
	Total	100%	1027

Q3 - Where is the funding coming from to pay for your college education? Please select all that apply.



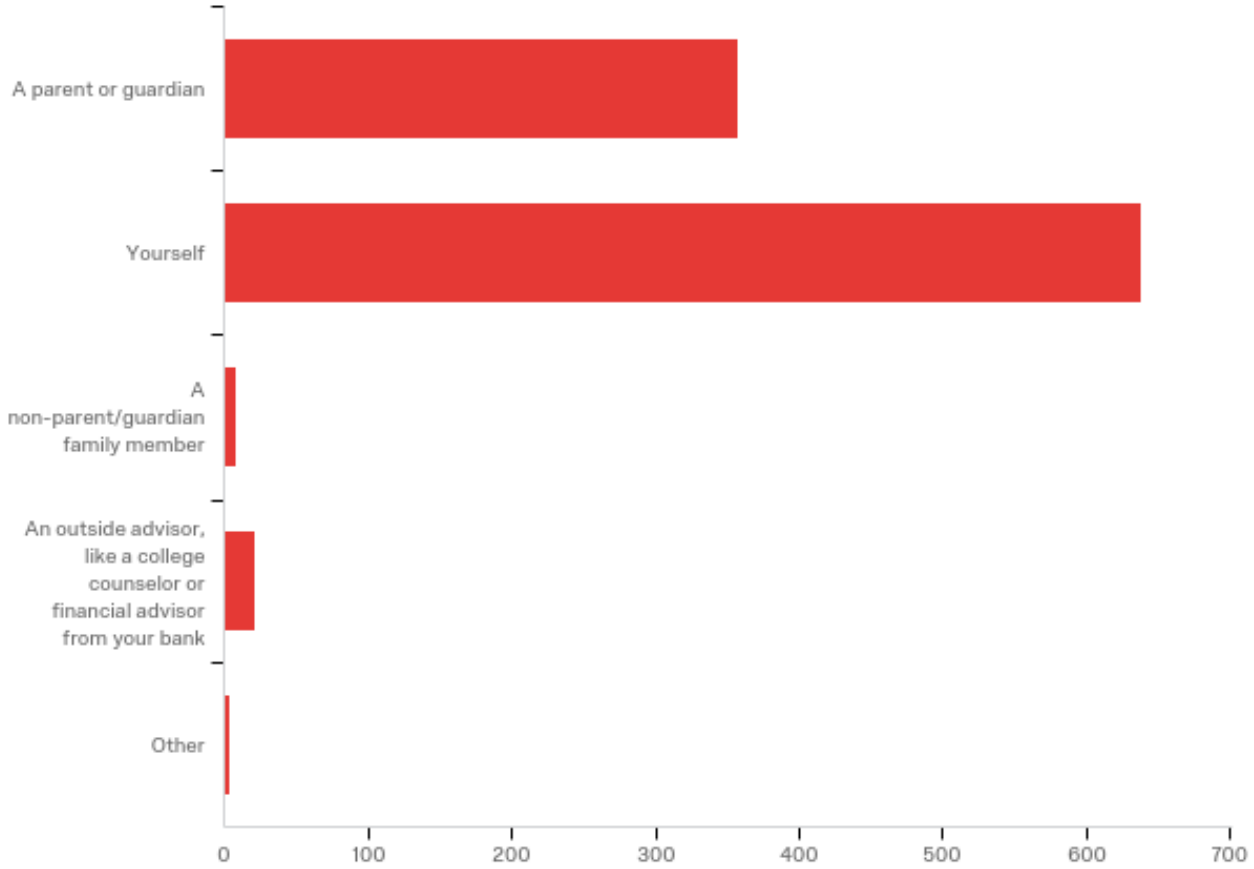
#	Answer	%	Count
1	Federal student loans	33.41%	829
2	529 plan or other investment	1.77%	44
3	Private student loans	13.30%	330
4	Scholarships or grants	28.17%	699
5	Paid by yourself/family/etc.	22.93%	569
6	Other/not sure	0.40%	10
	Total	100%	2481

Q4 - Who did the majority of the research or work reviewing various loan options prior to selecting your student loans?



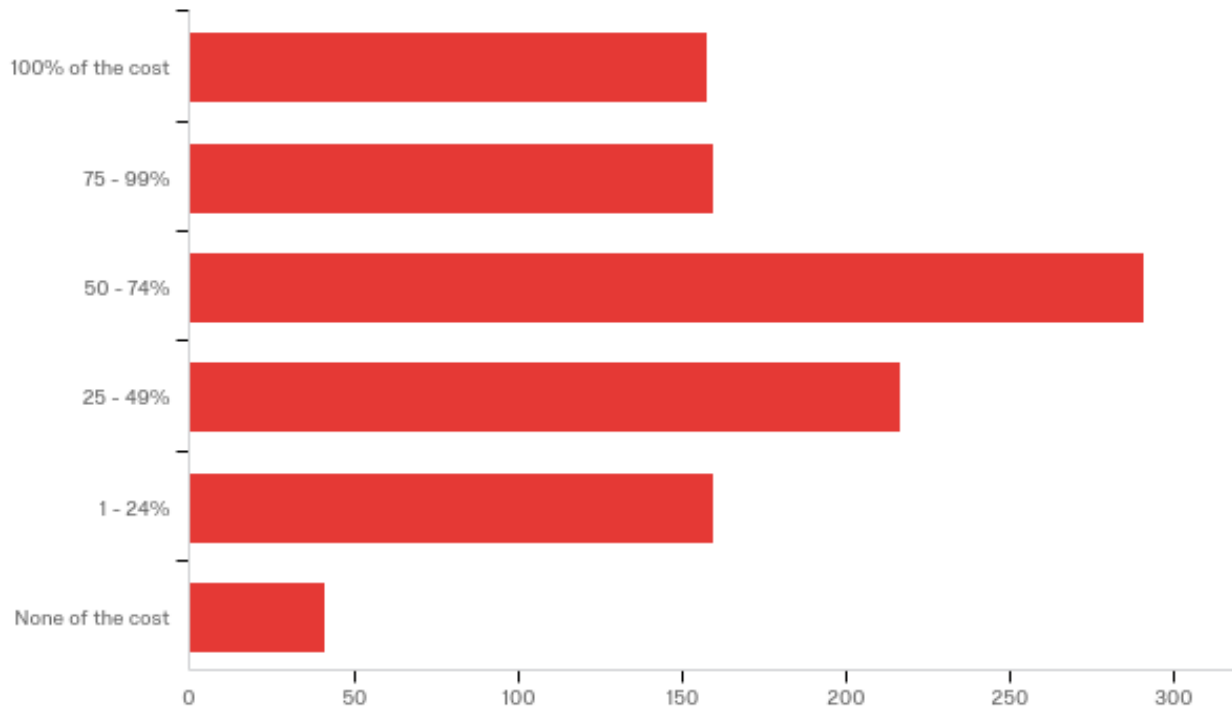
#	Answer	%	Count
1	A parent or guardian	34.66%	356
2	Yourself	55.79%	573
3	A non-parent/guardian family member	0.97%	10
4	An outside advisor, like a college counselor or financial advisor from your bank	8.18%	84
5	Other	0.39%	4
	Total	100%	1027

Q5 - Who was the final decision maker regarding your student loans?



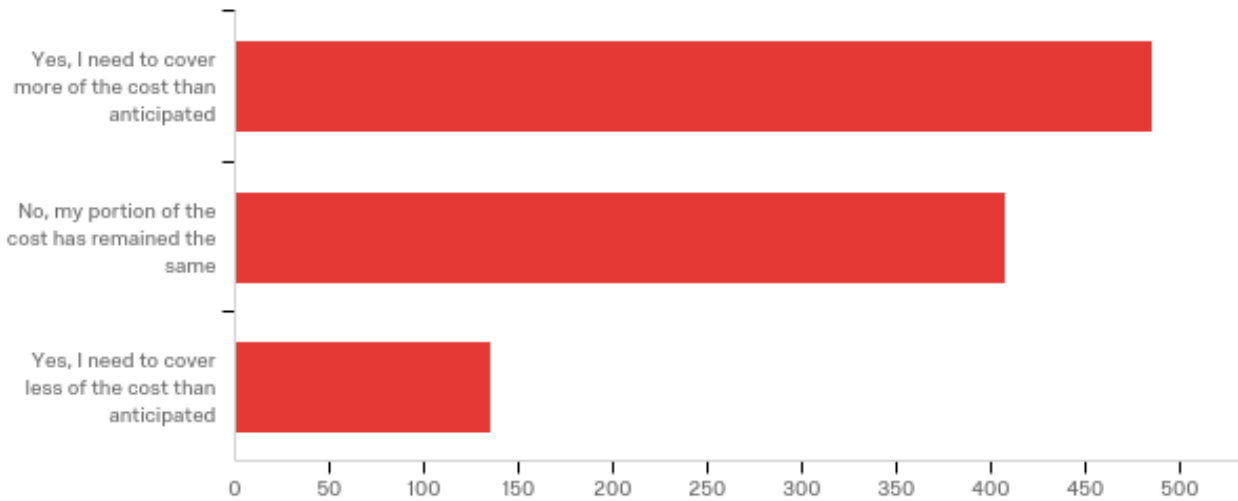
#	Answer	%	Count
1	A parent or guardian	34.76%	357
2	Yourself	62.12%	638
3	A non-parent/guardian family member	0.78%	8
4	An outside advisor, like a college counselor or financial advisor from your bank	2.04%	21
5	Other	0.29%	3
	Total	100%	1027

Q6 - Thinking about your tuition and the overall cost of your degree (including living expenses, books, etc.), please indicate how much of the cost is your direct responsibility? Your direct responsibility would be the portion of the cost not covered by scholarships, help from family, etc.



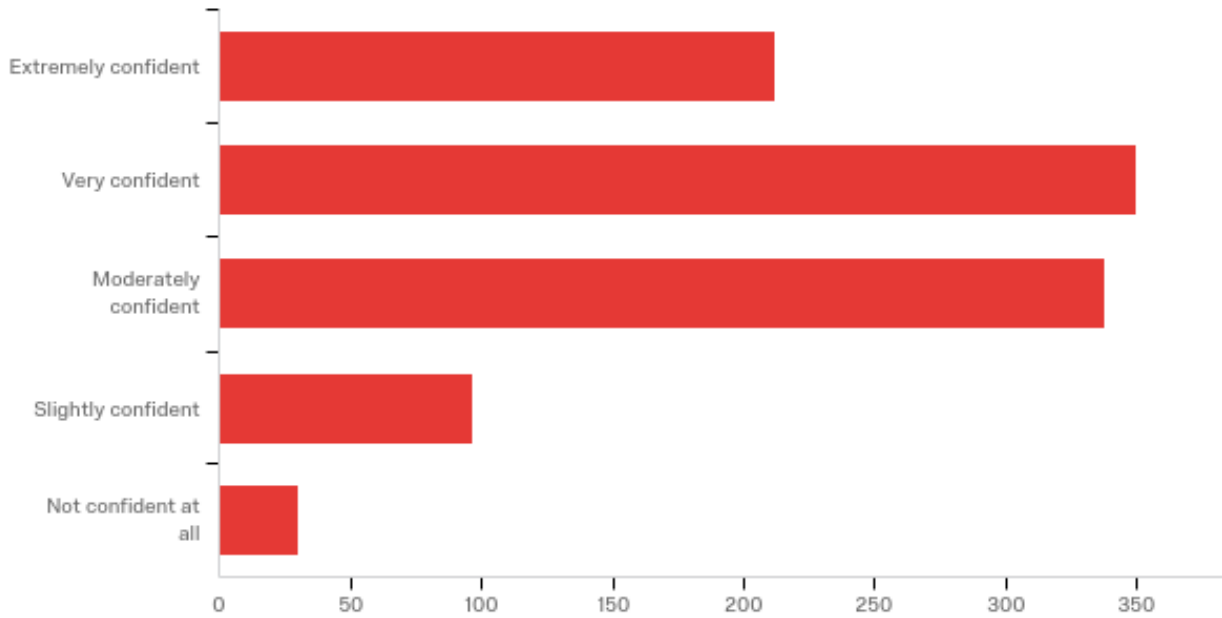
#	Answer	%	Count
1	100% of the cost	15.38%	158
6	None of the cost	3.99%	41
2	75 - 99%	15.58%	160
3	50 - 74%	28.33%	291
4	25 - 49%	21.13%	217
5	1 - 24%	15.58%	160
	Total	100%	1027

Q7 - Has your share of the cost of your education changed (either increased or decreased) since your initial enrollment? This could be due to changes impacting your scholarships, income, financial support from family, etc.



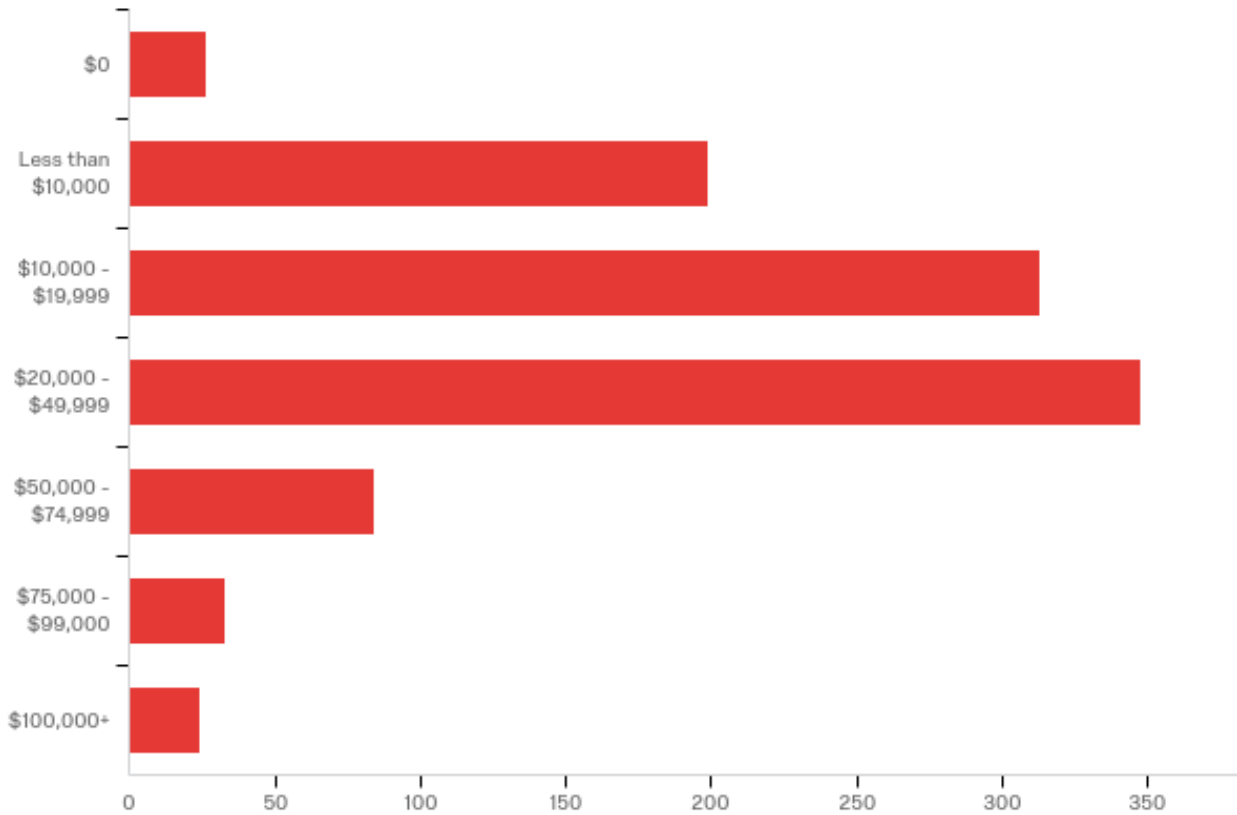
#	Answer	%	Count
1	Yes, I need to cover more of the cost than anticipated	47.22%	485
2	No, my portion of the cost has remained the same	39.63%	407
3	Yes, I need to cover less of the cost than anticipated	13.15%	135
	Total	100%	1027

Q8 - How confident are you that you have an accurate understanding of the total cost of your college education (including tuition, living expenses, books, etc.)?



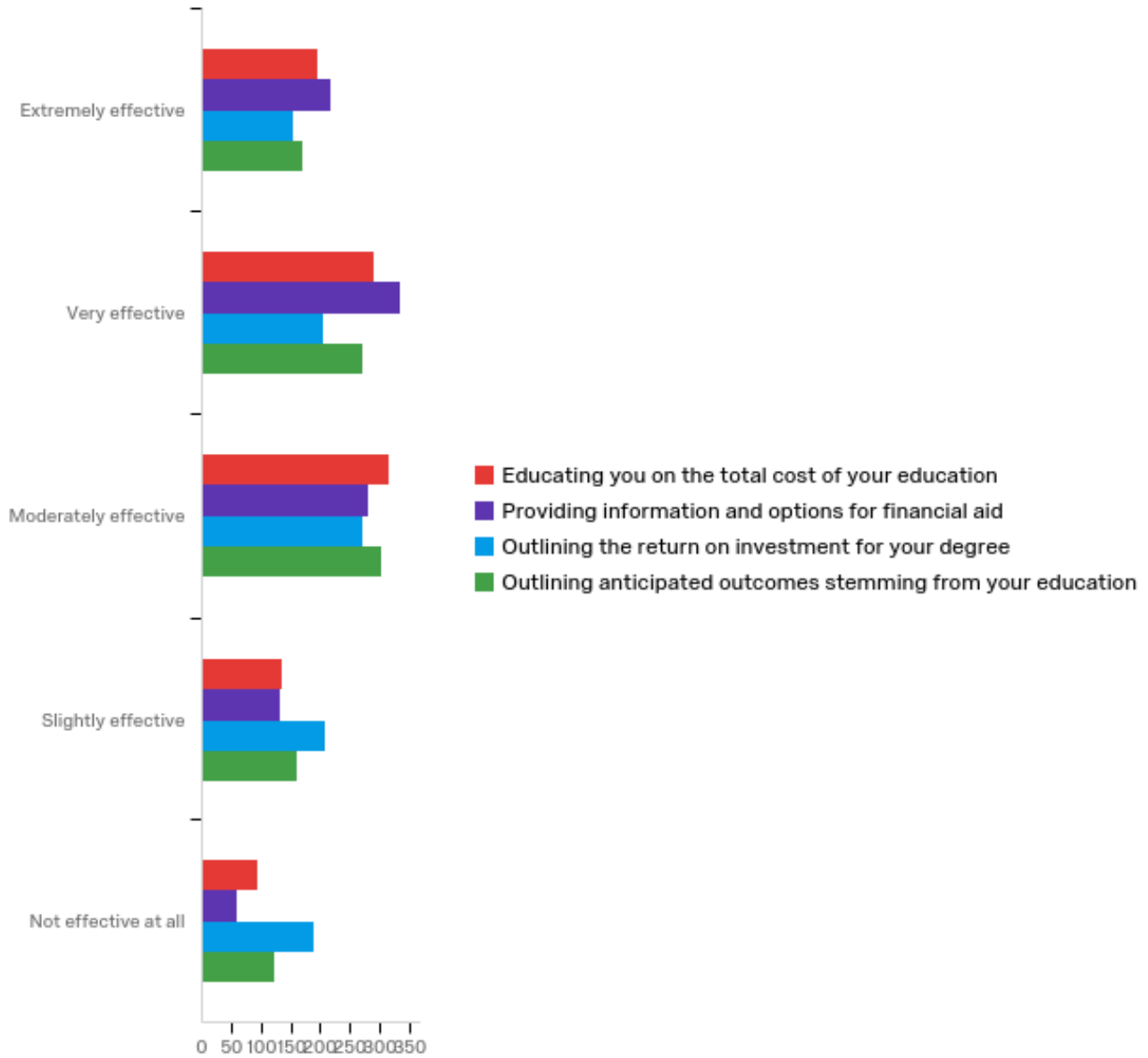
#	Answer	%	Count
1	Extremely confident	20.64%	212
2	Very confident	34.08%	350
3	Moderately confident	32.91%	338
4	Slightly confident	9.44%	97
5	Not confident at all	2.92%	30
	Total	100%	1027

Q9 - What do you consider to be a reasonable amount of student loan debt to have upon graduation? (Please select the highest range you would consider to be reasonable).



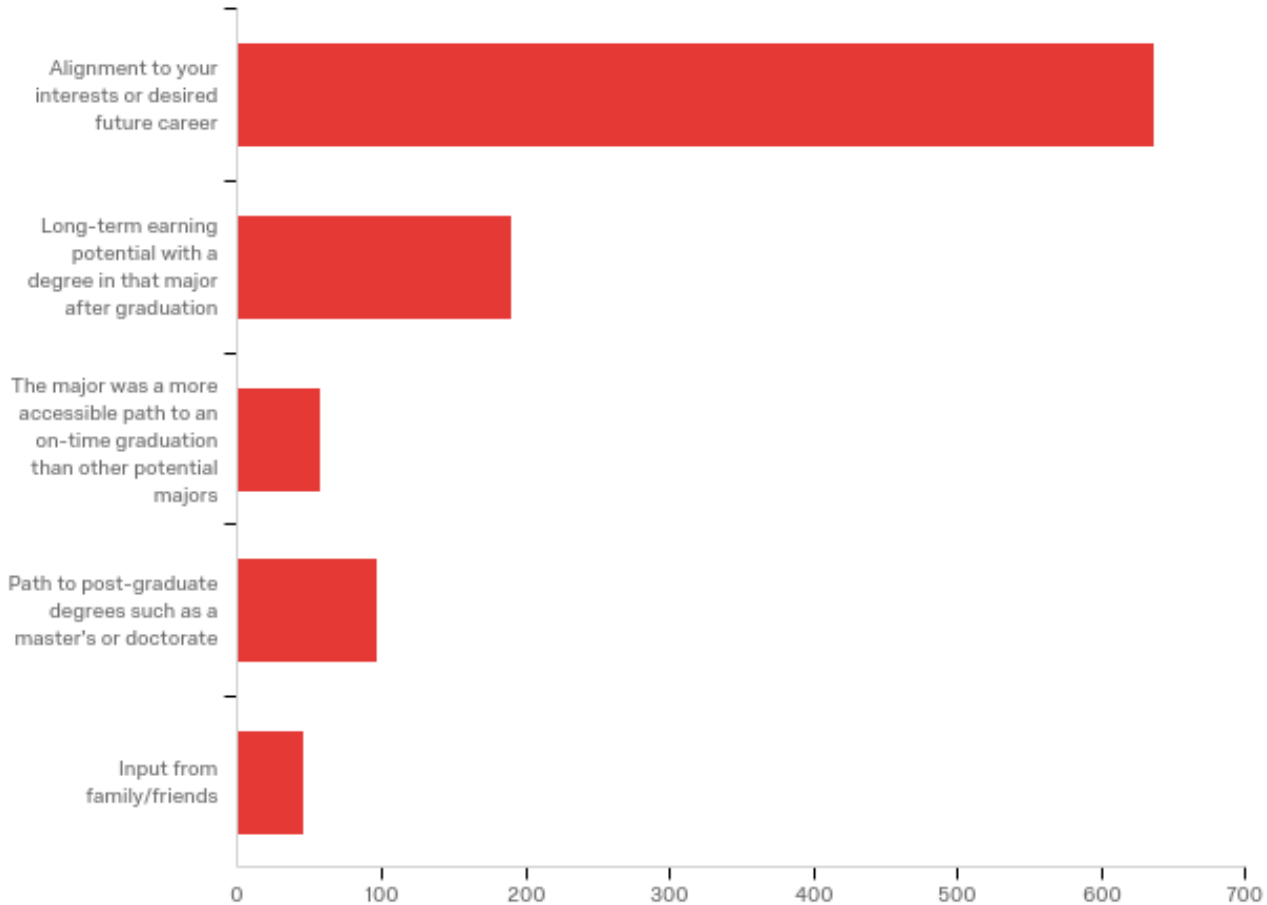
#	Answer	%	Count
1	\$0	2.53%	26
2	Less than \$10,000	19.38%	199
3	\$10,000 - \$19,999	30.48%	313
4	\$20,000 - \$49,999	33.89%	348
5	\$50,000 - \$74,999	8.18%	84
6	\$75,000 - \$99,000	3.21%	33
7	\$100,000+	2.34%	24
	Total	100%	1027

Q10 - Please indicate how effectively your college communicated with you regarding each of the below issues.



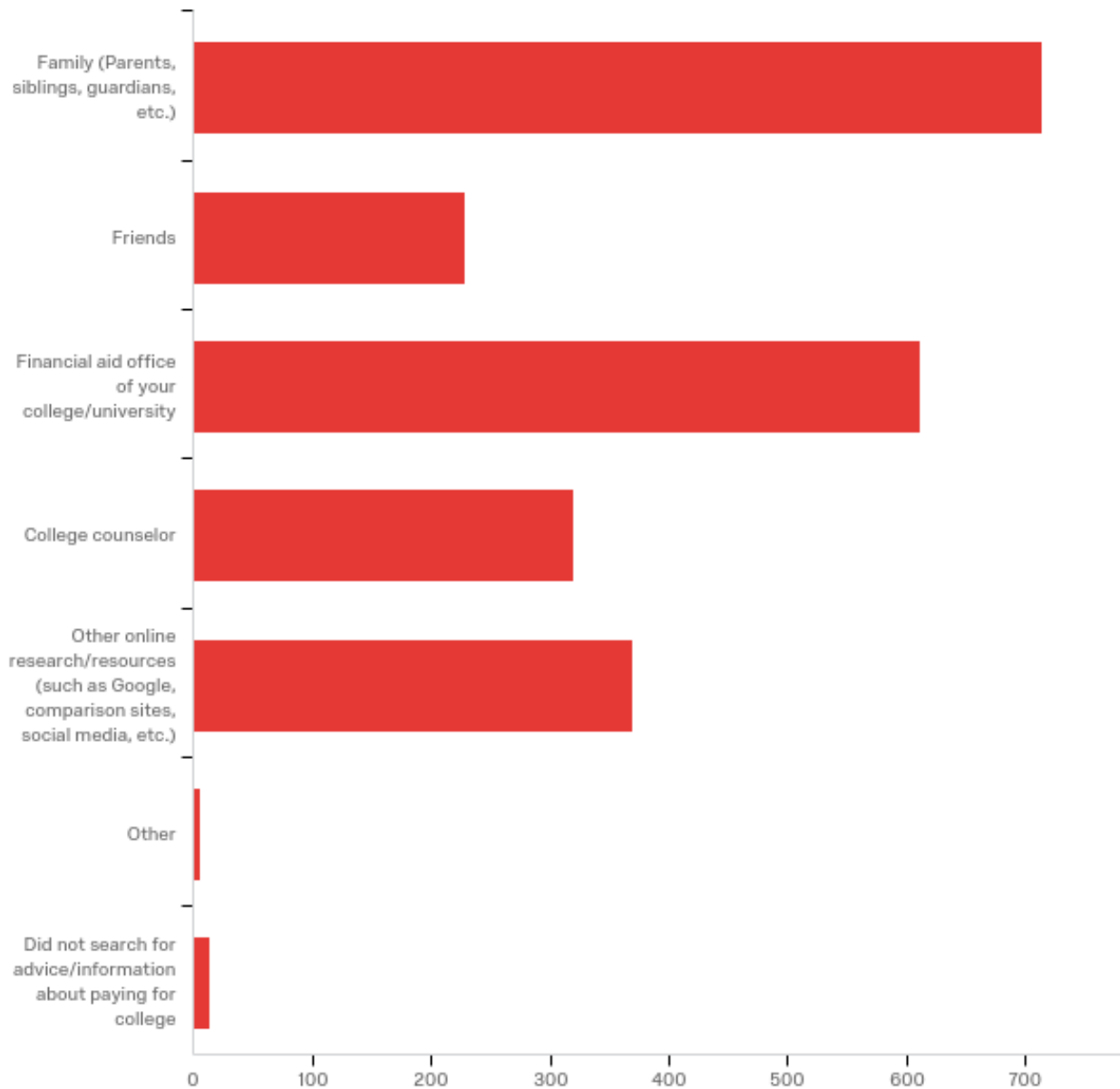
#	Question	Extremely effective		Very effective		Moderately effective		Slightly effective		Not effective at all		Total
1	Educating you on the total cost of your education	18.89%	194	28.33%	291	30.67%	315	13.05%	134	9.06%	93	1027
2	Providing information and options for financial aid	21.32%	219	32.72%	336	27.46%	282	12.76%	131	5.74%	59	1027
3	Outlining the return on investment for your degree	15.09%	155	19.96%	205	26.29%	270	20.35%	209	18.31%	188	1027
4	Outlining anticipated outcomes stemming from your education	16.46%	169	26.48%	272	29.60%	304	15.58%	160	11.88%	122	1027

Q11 - Which of the following was most influential when selecting your major?



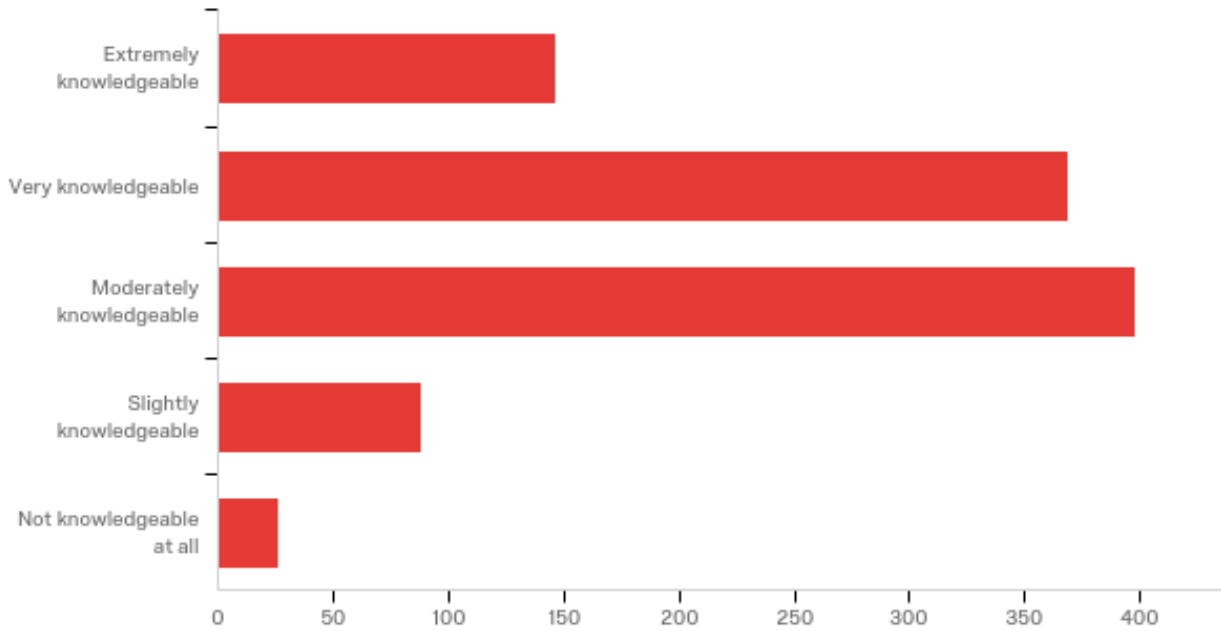
#	Answer	%	Count
1	Alignment to your interests or desired future career	62.03%	637
2	Long-term earning potential with a degree in that major after graduation	18.50%	190
3	The major was a more accessible path to an on-time graduation than other potential majors	5.55%	57
4	Path to post-graduate degrees such as a master's or doctorate	9.44%	97
5	Input from family/friends	4.48%	46
	Total	100%	1027

Q12 - Which of the following did you turn to for advice or information about paying for college? Select all that apply.



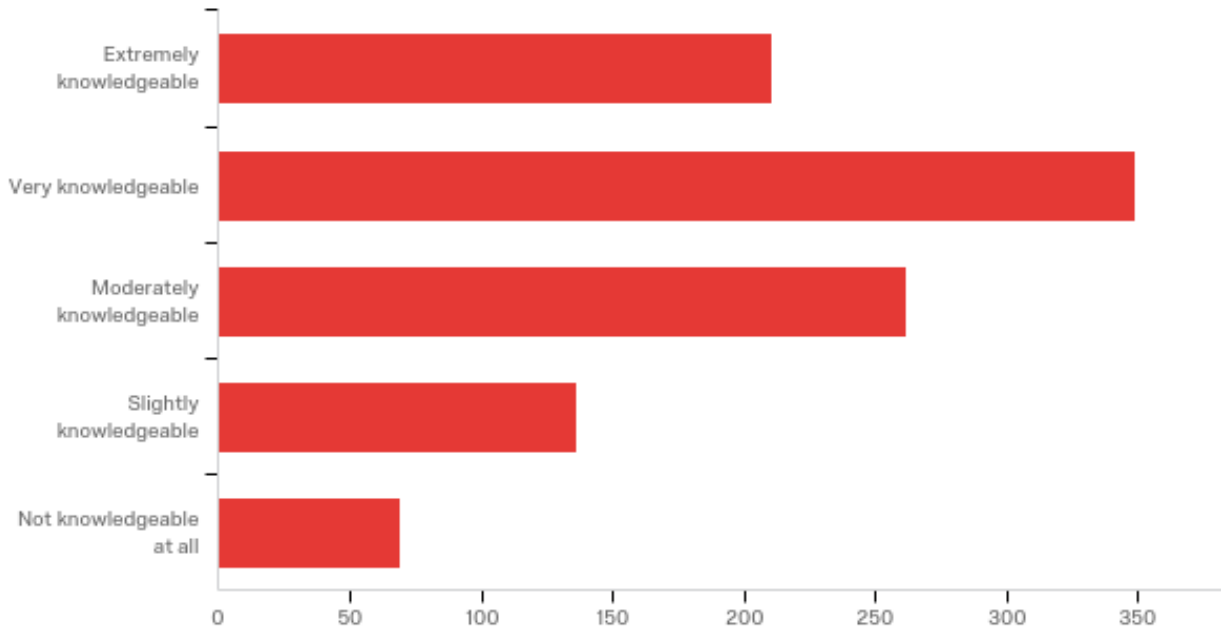
#	Answer	%	Count
1	Family (Parents, siblings, guardians, etc.)	31.52%	714
2	Friends	10.11%	229
3	Financial aid office of your college/university	27.02%	612
4	College counselor	14.13%	320
5	Other online research/resources (such as Google, comparison sites, social media, etc.)	16.34%	370
6	Other	0.26%	6
7	Did not search for advice/information about paying for college	0.62%	14
	Total	100%	2265

Q13 - Overall, how knowledgeable do you feel you are about your options to pay for college?



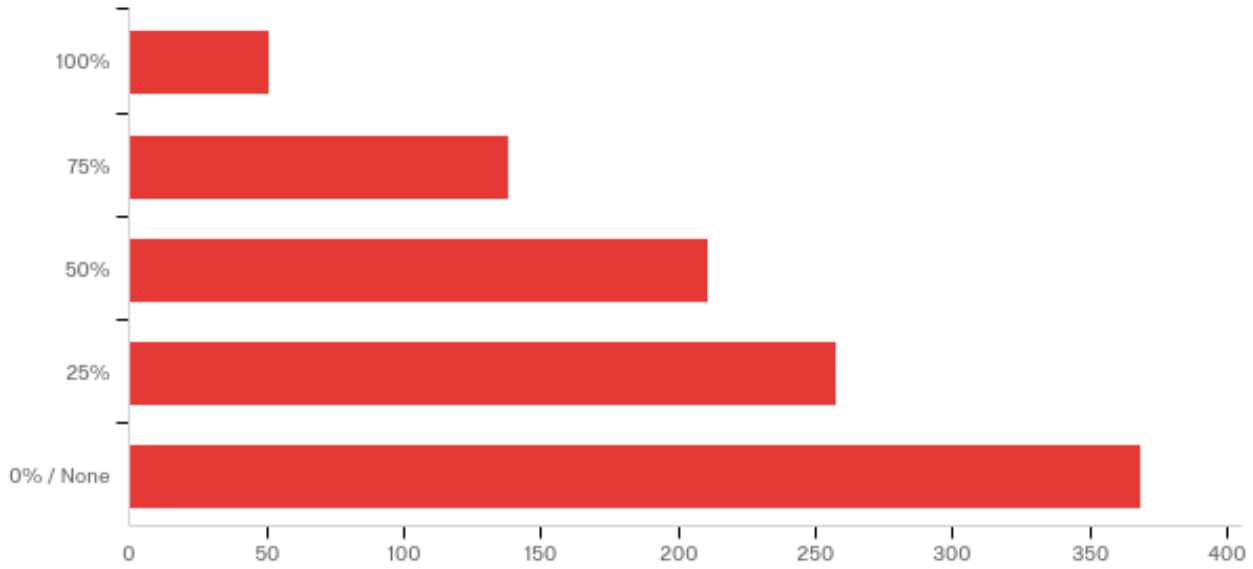
#	Answer	%	Count
1	Extremely knowledgeable	14.22%	146
2	Very knowledgeable	35.93%	369
3	Moderately knowledgeable	38.75%	398
4	Slightly knowledgeable	8.57%	88
5	Not knowledgeable at all	2.53%	26
	Total	100%	1027

Q14 - Overall, how knowledgeable do you feel your parents are about the different options to pay for college?



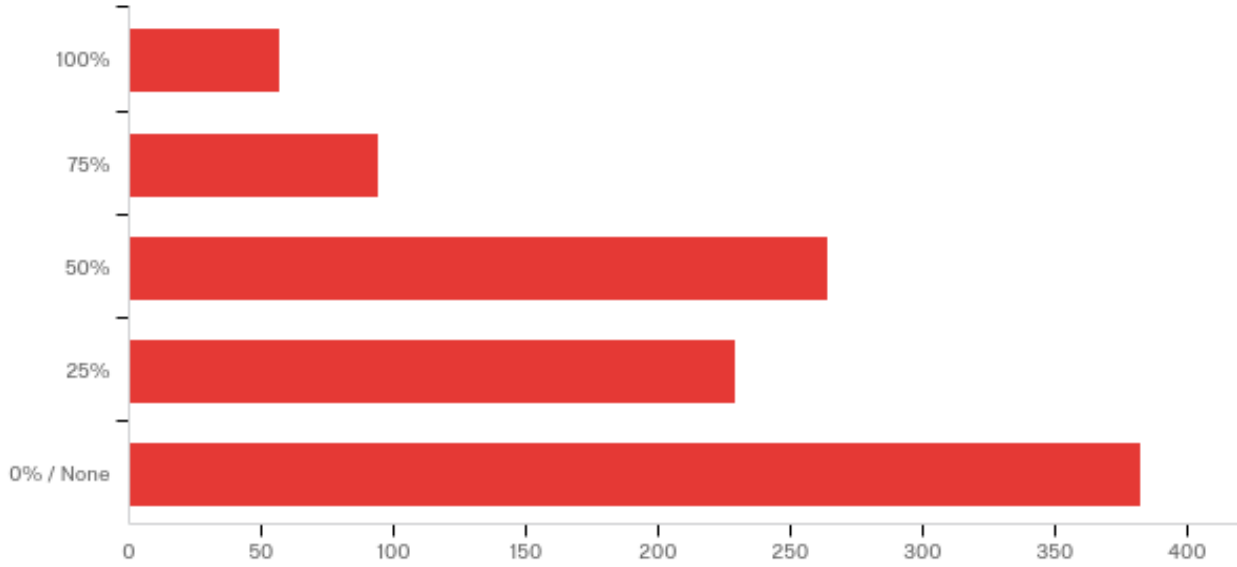
#	Answer	%	Count
1	Extremely knowledgeable	20.55%	211
2	Very knowledgeable	33.98%	349
3	Moderately knowledgeable	25.51%	262
4	Slightly knowledgeable	13.24%	136
5	Not knowledgeable at all	6.72%	69
	Total	100%	1027

Q15 - About what percent of your total college costs are your parents paying?



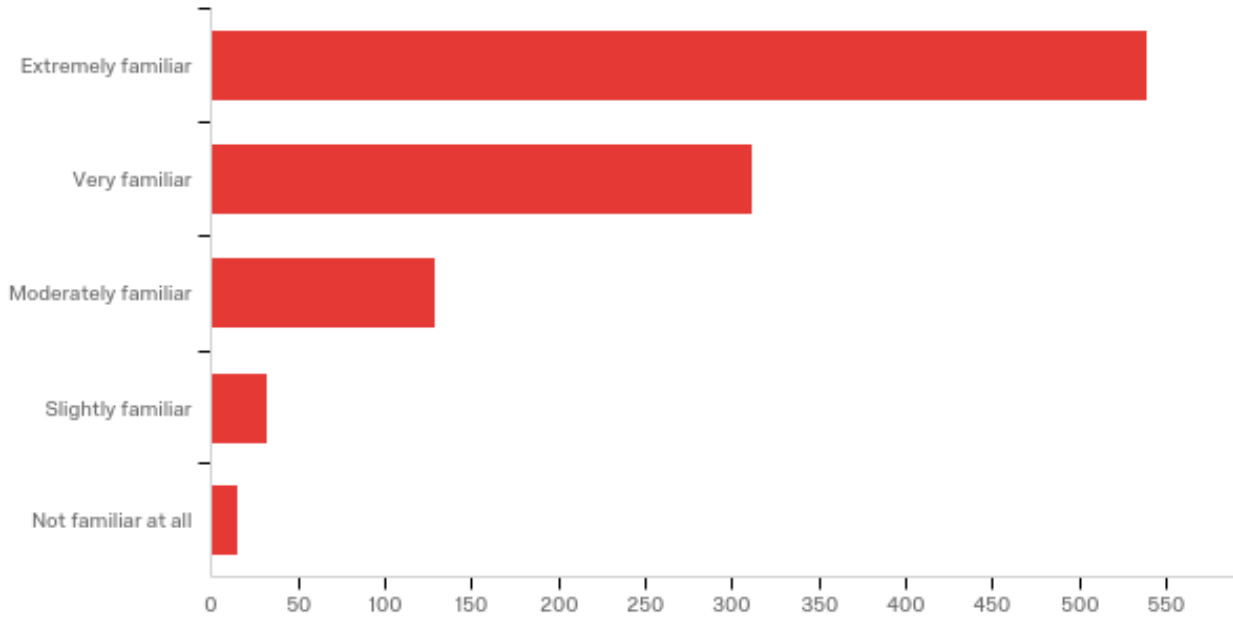
#	Answer	%	Count
1	100%	4.97%	51
2	75%	13.44%	138
3	50%	20.55%	211
4	25%	25.12%	258
5	0% / None	35.93%	369
	Total	100%	1027

Q16 - What percent of your total college costs do you feel your parents should be paying?



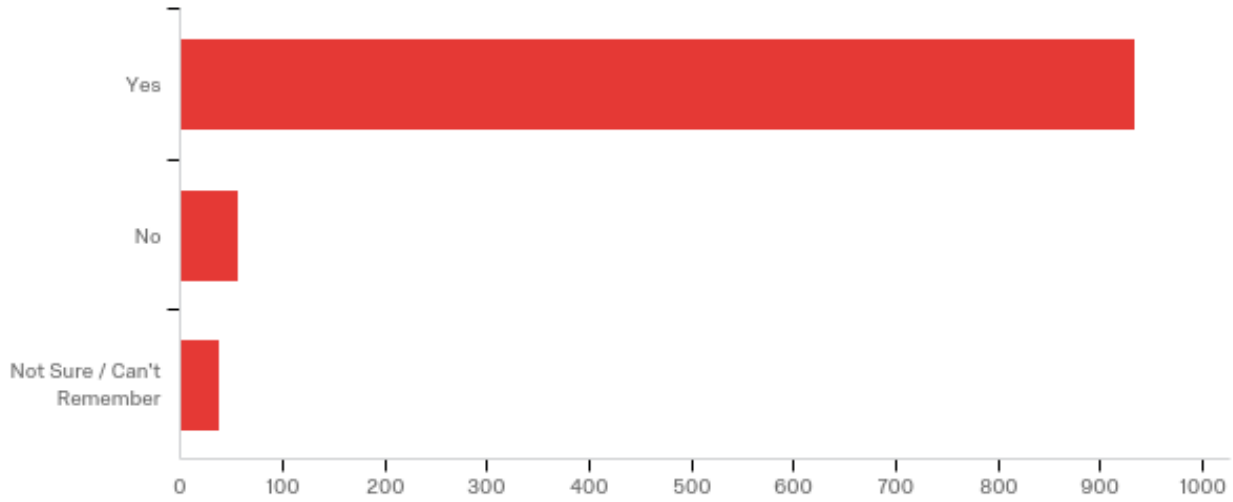
#	Answer	%	Count
1	100%	5.55%	57
2	75%	9.15%	94
3	50%	25.71%	264
4	25%	22.30%	229
5	0% / None	37.29%	383
	Total	100%	1027

Q17 - How familiar are you with the Free Application for Federal Student Aid (FAFSA)?



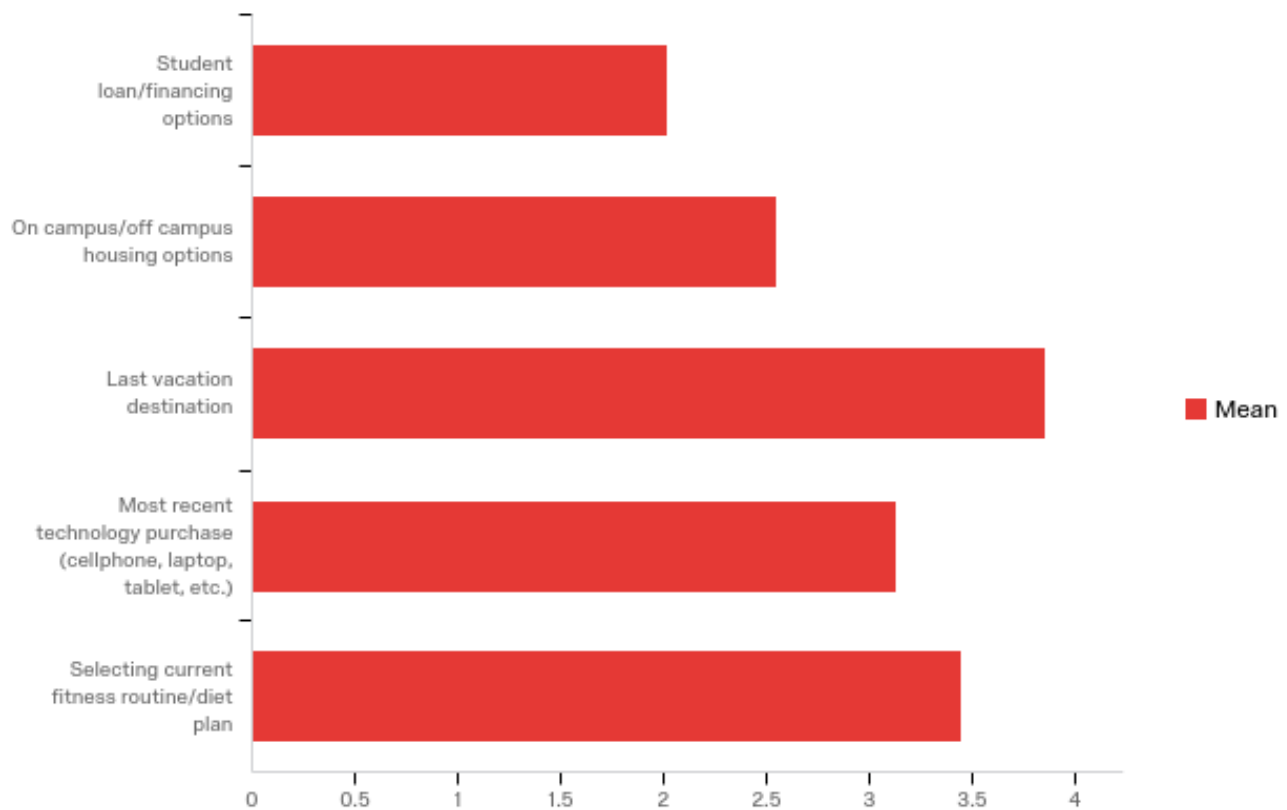
#	Answer	%	Count
1	Extremely familiar	52.48%	539
2	Very familiar	30.38%	312
3	Moderately familiar	12.56%	129
4	Slightly familiar	3.12%	32
5	Not familiar at all	1.46%	15
	Total	100%	1027

Q18 - Did you complete the FAFSA?



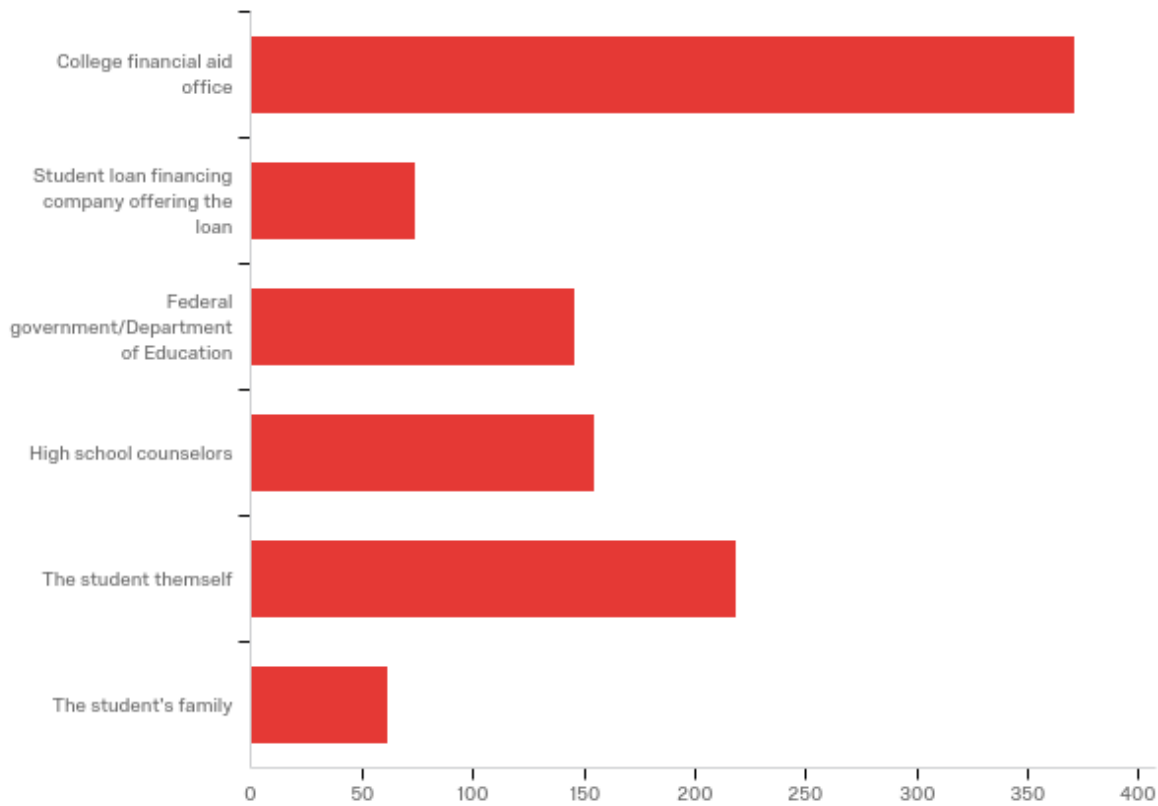
#	Answer	%	Count
1	Yes	90.94%	934
2	No	5.45%	56
3	Not Sure / Can't Remember	3.60%	37
	Total	100%	1027

Q19 - Please rank the following in order of how much time you spent researching each, with the decision you spent the most time researching at the top of the list and the choice you spent the least time researching at the bottom.



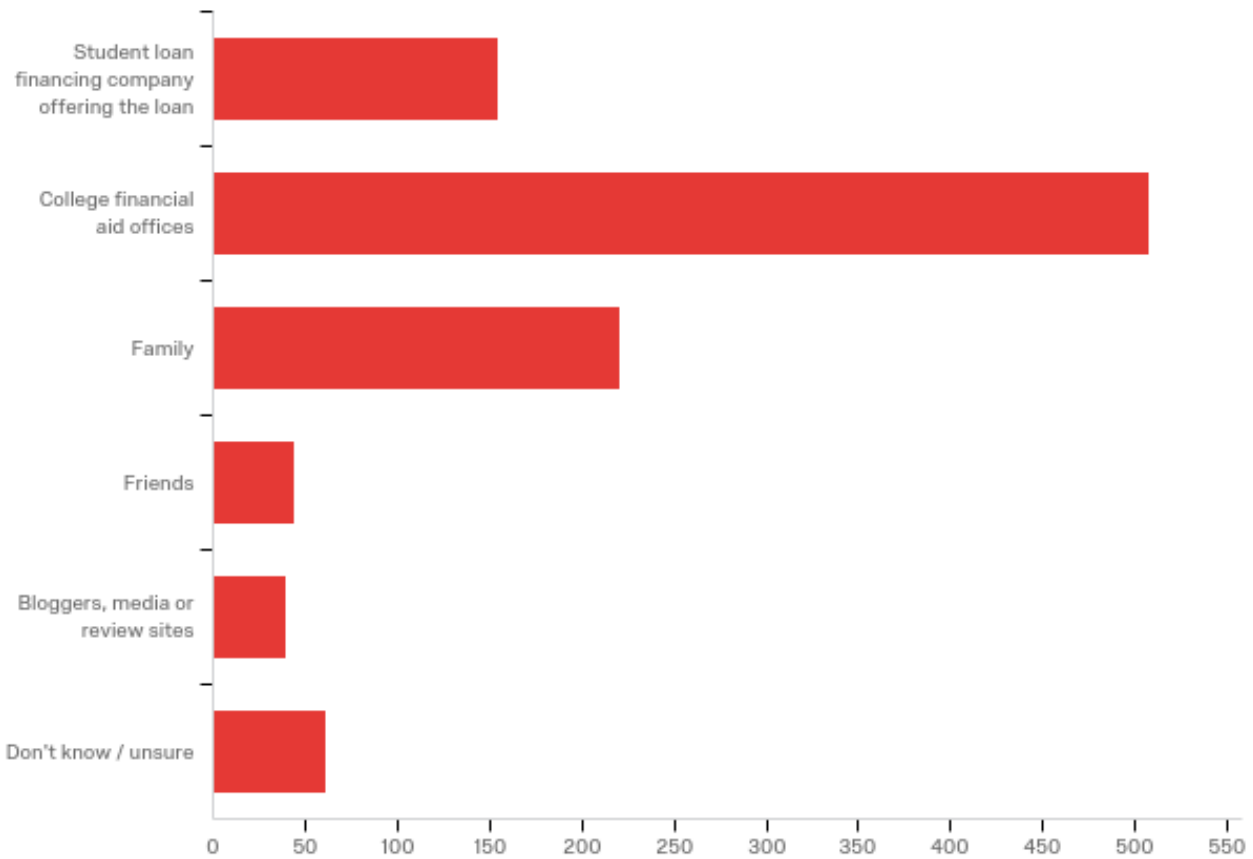
#	Question	1	2	3	4	5	Total
1	Student loan/financing options	46.15% 474	24.73% 254	15.29% 157	8.47% 87	5.36% 55	1027
2	On campus/off campus housing options	24.63% 253	35.83% 368	13.92% 143	11.39% 117	14.22% 146	1027
3	Last vacation destination	8.18% 84	8.76% 90	16.26% 167	23.66% 243	43.14% 443	1027
4	Most recent technology purchase (cellphone, laptop, tablet, etc.)	11.49% 118	16.65% 171	31.74% 326	27.36% 281	12.76% 131	1027
5	Selecting current fitness routine/diet plan	9.54% 98	14.02% 144	22.78% 234	29.11% 299	24.54% 252	1027

Q20 - In your opinion, who should be most responsible for ensuring that students fully understand financing options available for college?



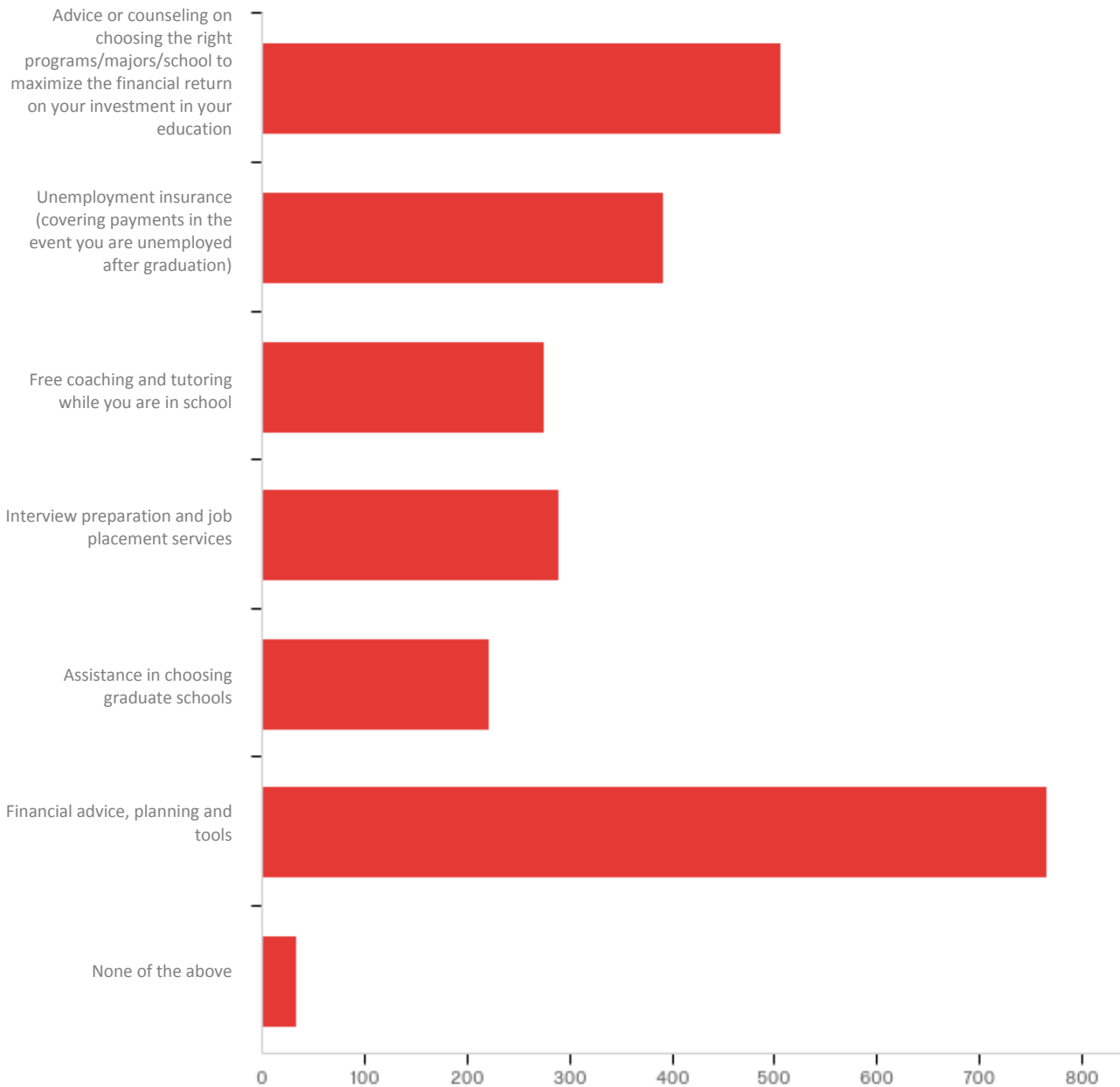
#	Answer	%	Count
1	College financial aid office	36.12%	371
2	Student loan financing company offering the loan	7.21%	74
3	Federal government/Department of Education	14.22%	146
4	High school counselors	15.09%	155
5	The student themselves	21.32%	219
6	The student's family	6.04%	62
	Total	100%	1027

Q21 - Which of the below do you trust most to provide you accurate information about your financing options for your education?



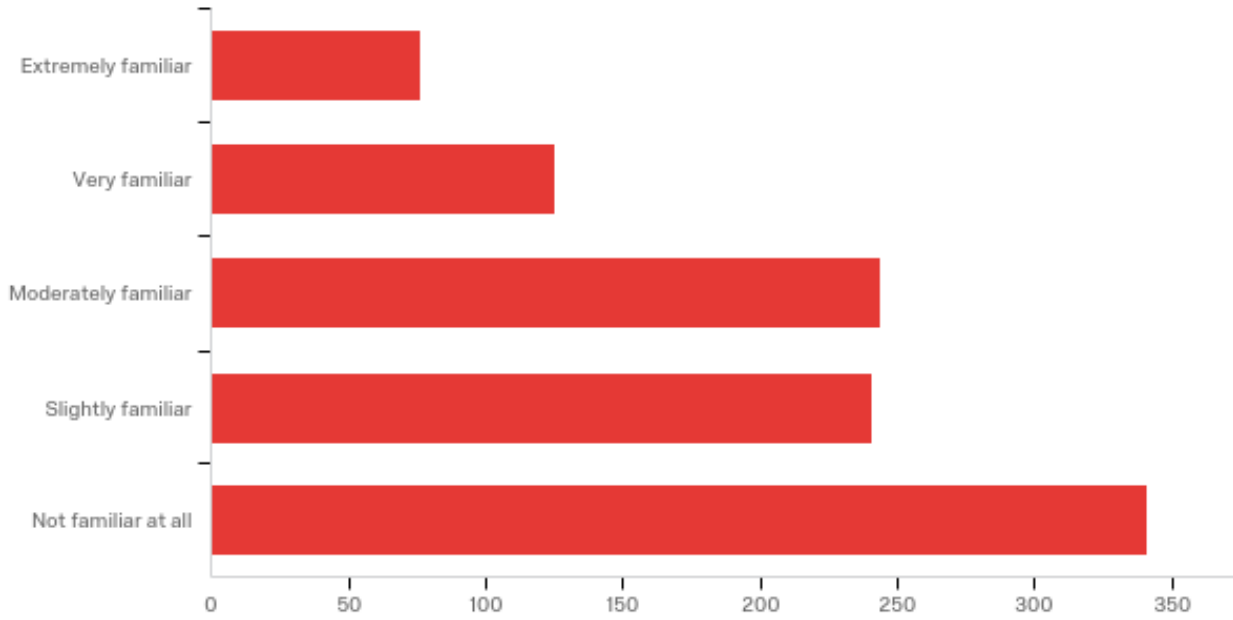
#	Answer	%	Count
1	Student loan financing company offering the loan	15.00%	154
2	College financial aid offices	49.46%	508
3	Family	21.52%	221
4	Friends	4.28%	44
5	Bloggers, media or review sites	3.80%	39
6	Don't know / unsure	5.94%	61
	Total	100%	1027

Q22 - What responsibility does a private student loan provider have to provide the following? Please select all that you feel a private student loan provider should offer their borrowers.



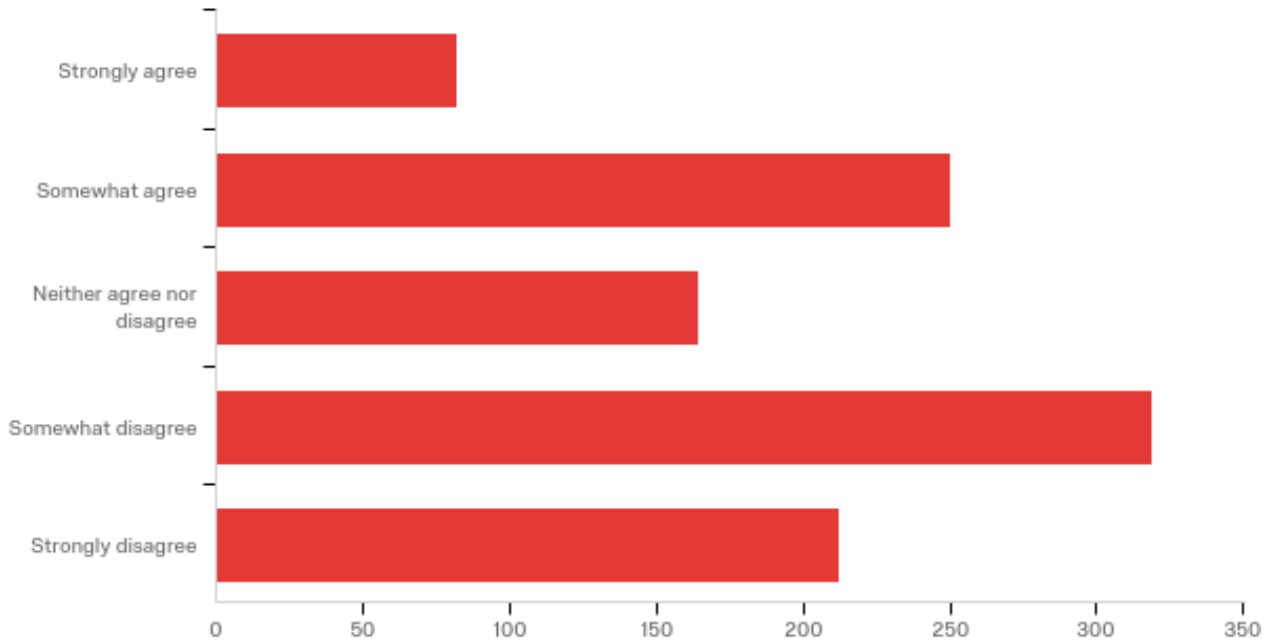
#	Answer	%	Count
1	Advice or counseling on choosing the right programs/majors/school to maximize the financial return on your investment in your education	20.38%	506
2	Unemployment insurance (covering payments in the event you are unemployed after graduation)	15.75%	391
3	Free coaching and tutoring while you are in school	11.12%	276
4	Interview preparation and job placement services	11.68%	290
5	Assistance in choosing graduate schools	8.90%	221
6	Financial advice, planning and tools	30.85%	766
7	None of the above	1.33%	33
	Total	100%	2483

Q23 - How familiar are you with interest capitalization?



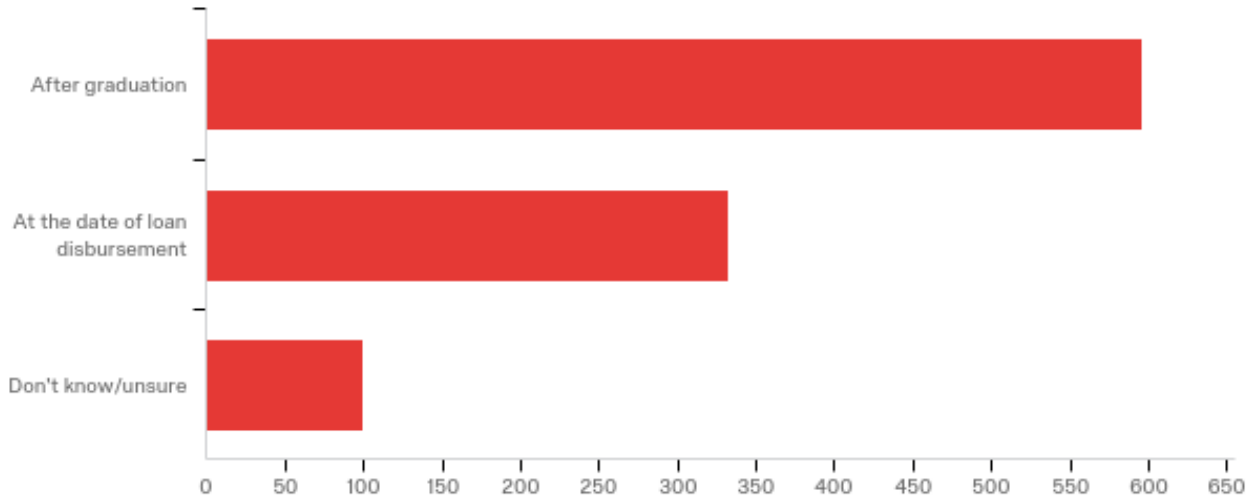
#	Answer	%	Count
1	Extremely familiar	7.40%	76
2	Very familiar	12.17%	125
3	Moderately familiar	23.76%	244
4	Slightly familiar	23.47%	241
5	Not familiar at all	33.20%	341
	Total	100%	1027

Q24 - Please indicate how strongly you agree/disagree with the following statement: The value of a college education has kept up with the cost.



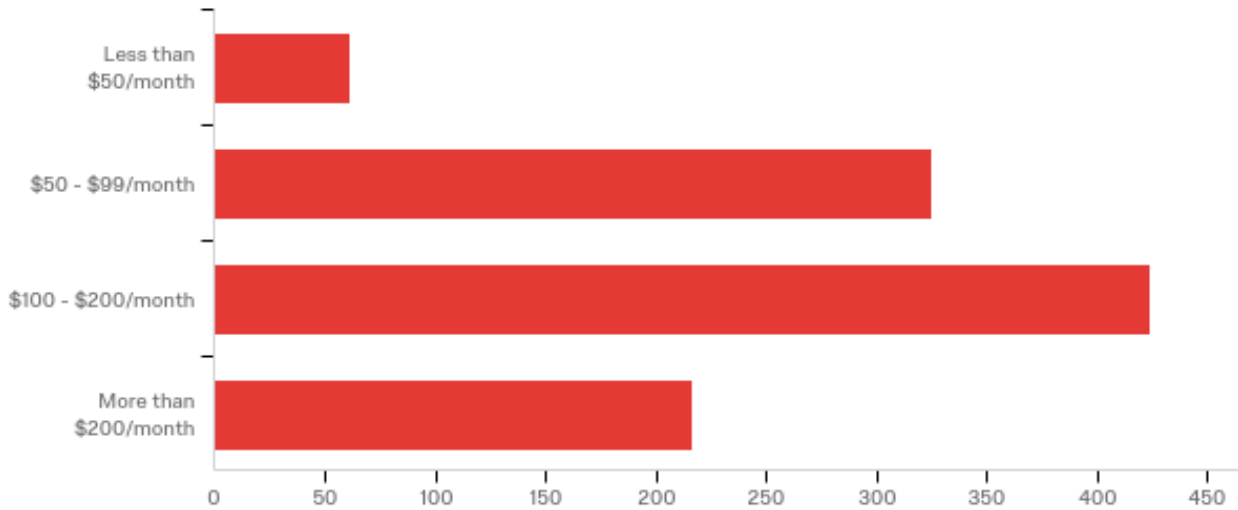
#	Answer	%	Count
1	Strongly agree	7.98%	82
2	Somewhat agree	24.34%	250
3	Neither agree nor disagree	15.97%	164
4	Somewhat disagree	31.06%	319
5	Strongly disagree	20.64%	212
	Total	100%	1027

Q26 - When does interest begin accruing on student loans?



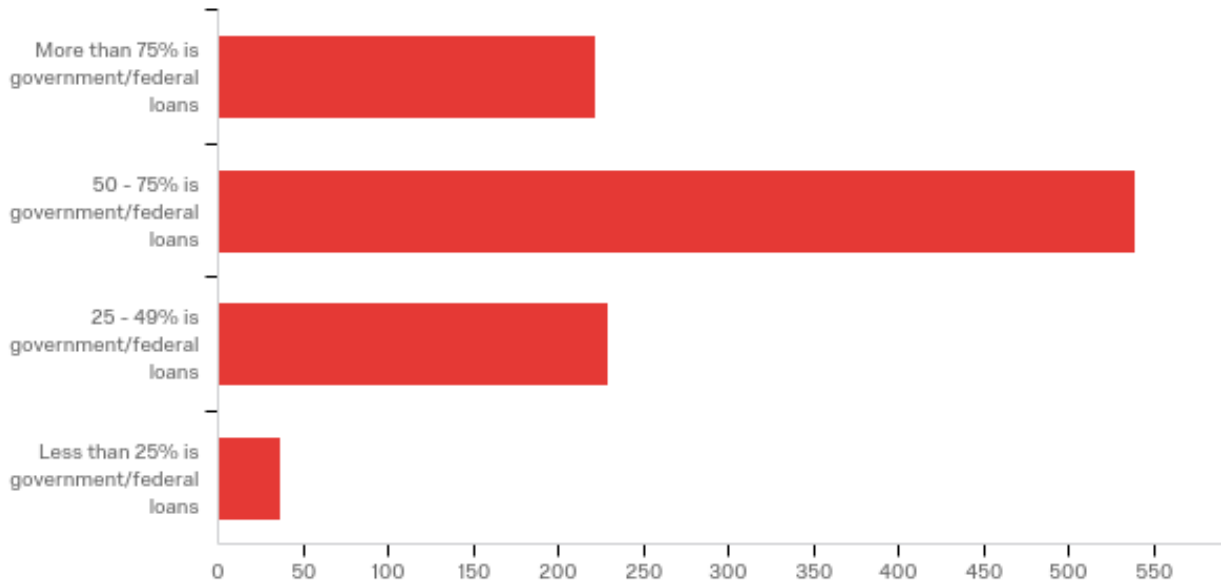
#	Answer	%	Count
1	After graduation	58.03%	596
2	At the date of loan disbursement	32.33%	332
3	Don't know/unsure	9.64%	99
	Total	100%	1027

Q27 - What is the average monthly payment for student loans after graduation in the United States today?



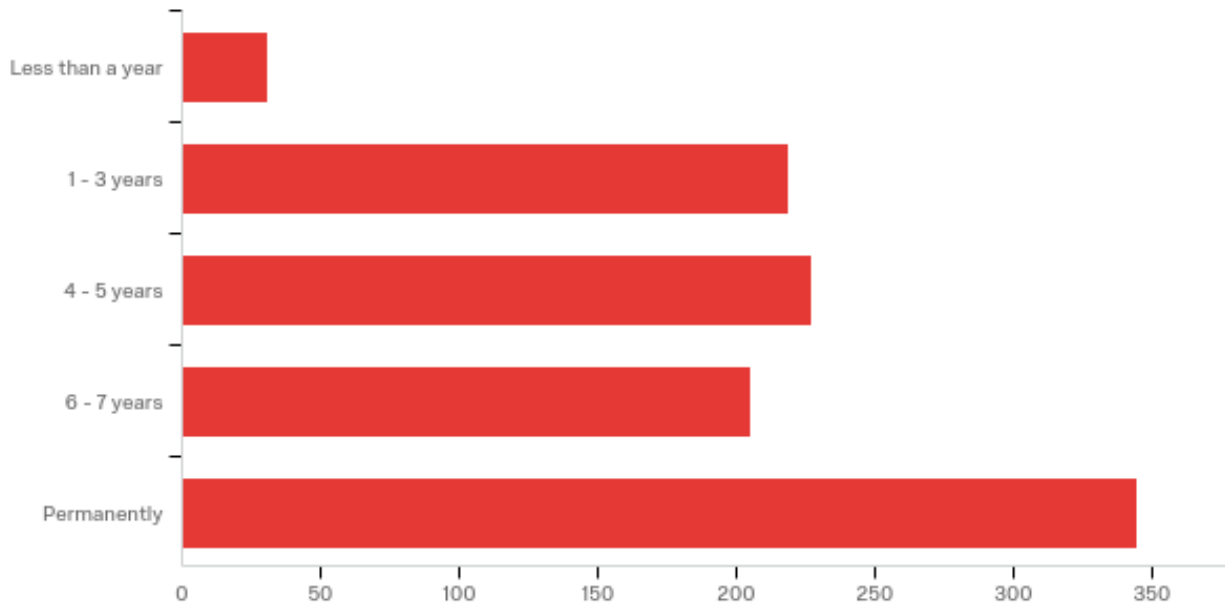
#	Answer	%	Count
1	Less than \$50/month	5.94%	61
2	\$50 - \$99/month	31.65%	325
3	\$100 - \$200/month	41.29%	424
4	More than \$200/month	21.13%	217
	Total	100%	1027

Q28 - What percent of current student loan debt in the United States is federal government student loans versus private student loans?



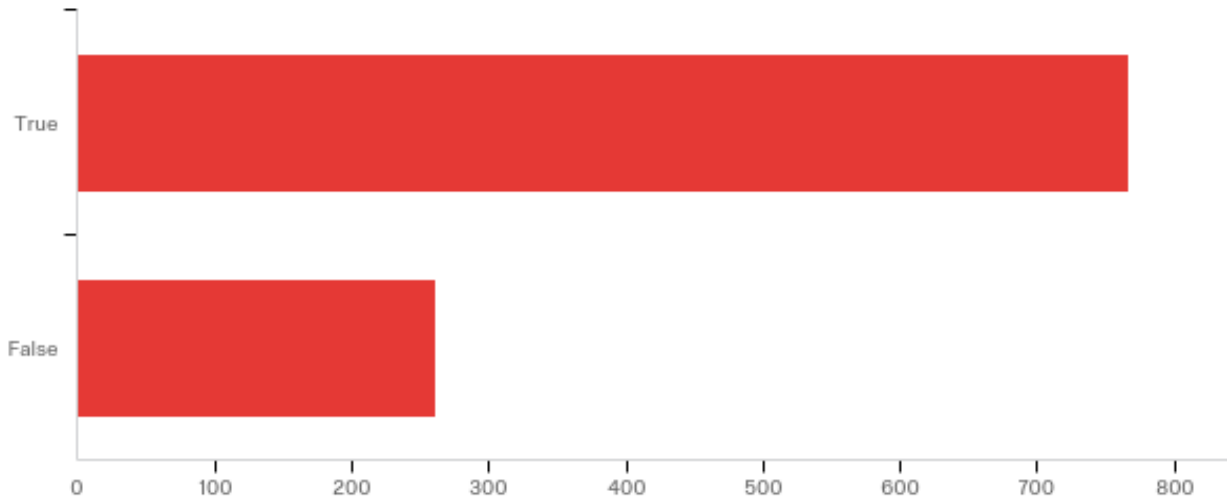
#	Answer	%	Count
1	More than 75% is government/federal loans	21.62%	222
2	50 - 75% is government/federal loans	52.48%	539
3	25 - 49% is government/federal loans	22.30%	229
4	Less than 25% is government/federal loans	3.60%	37
	Total	100%	1027

Q29 - If you fail to pay repay a student loan on the terms agreed to, the loan will be considered 'defaulted'. When you pay off a defaulted student loan, how many years will it remain on your credit report?



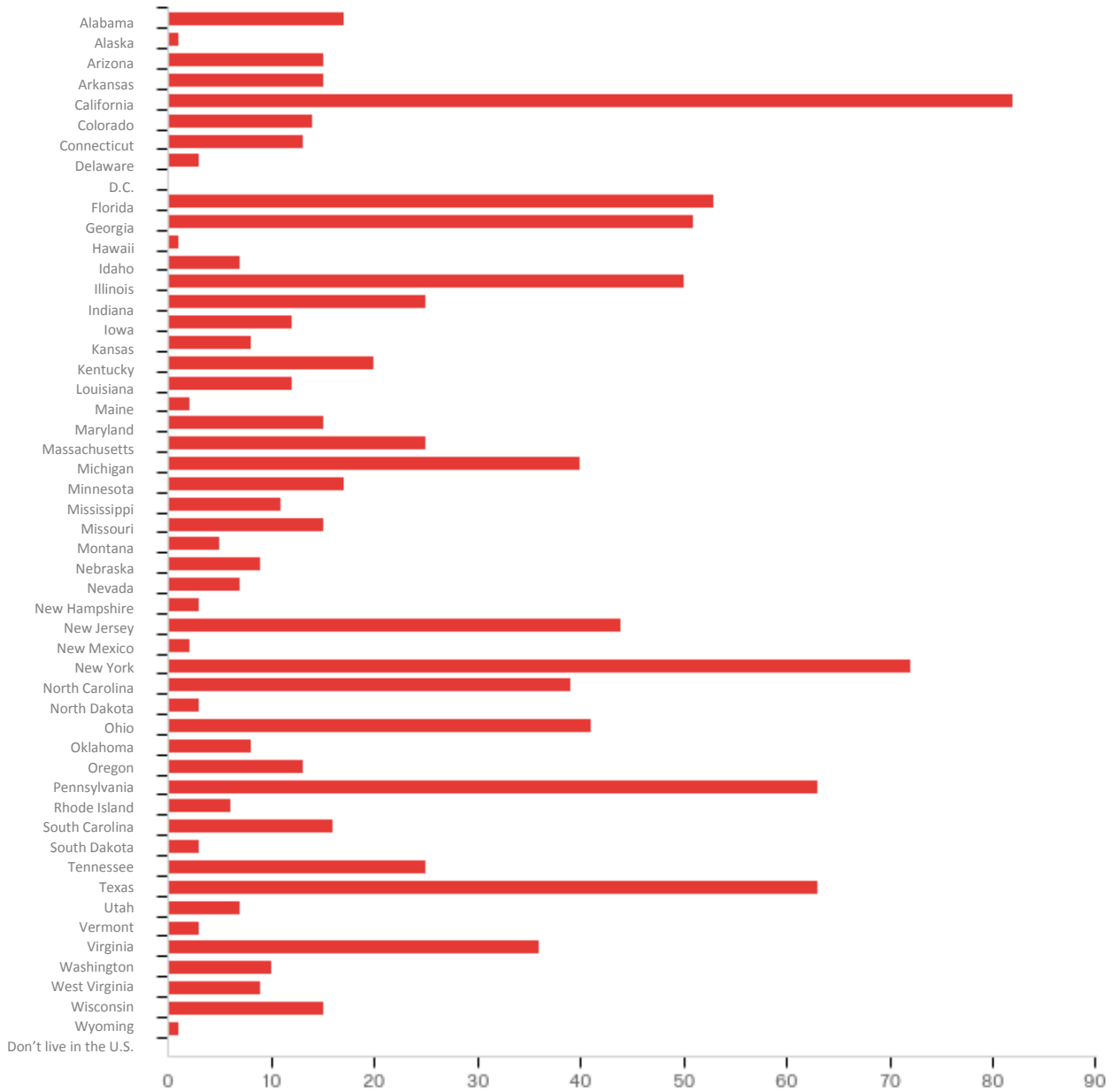
#	Answer	%	Count
1	Less than a year	3.02%	31
2	1 - 3 years	21.32%	219
3	4 - 5 years	22.10%	227
4	6 - 7 years	19.96%	205
5	Permanently	33.59%	345
	Total	100%	1027

Q30 - Is the following statement true or false: Student loans can be forgiven under certain circumstances.



#	Answer	%	Count
1	True	74.59%	766
2	False	25.41%	261
	Total	100%	1027

Q31 - 50 States without D.C or Puerto Rico



#	Answer	%	Count
1	Alabama	1.66%	17
2	Alaska	0.10%	1
3	Arizona	1.46%	15
4	Arkansas	1.46%	15
5	California	7.98%	82
6	Colorado	1.36%	14
7	Connecticut	1.27%	13
8	Delaware	0.29%	3
9	District of Columbia	0.00%	0
10	Florida	5.16%	53
11	Georgia	4.97%	51
12	Hawaii	0.10%	1
13	Idaho	0.68%	7
14	Illinois	4.87%	50
15	Indiana	2.43%	25
16	Iowa	1.17%	12
17	Kansas	0.78%	8
18	Kentucky	1.95%	20
19	Louisiana	1.17%	12
20	Maine	0.19%	2
21	Maryland	1.46%	15
22	Massachusetts	2.43%	25
23	Michigan	3.89%	40
24	Minnesota	1.66%	17
25	Mississippi	1.07%	11
26	Missouri	1.46%	15
27	Montana	0.49%	5

28	Nebraska	0.88%	9
29	Nevada	0.68%	7
30	New Hampshire	0.29%	3
31	New Jersey	4.28%	44
32	New Mexico	0.19%	2
33	New York	7.01%	72
34	North Carolina	3.80%	39
35	North Dakota	0.29%	3
36	Ohio	3.99%	41
37	Oklahoma	0.78%	8
38	Oregon	1.27%	13
39	Pennsylvania	6.13%	63
40	Rhode Island	0.58%	6
41	South Carolina	1.56%	16
42	South Dakota	0.29%	3
43	Tennessee	2.43%	25
44	Texas	6.13%	63
45	Utah	0.68%	7
46	Vermont	0.29%	3
47	Virginia	3.51%	36
48	Washington	0.97%	10
49	West Virginia	0.88%	9
50	Wisconsin	1.46%	15
51	Wyoming	0.10%	1
52	I do not live in the United States	0.00%	0
	Total	100%	1027