

# MILLENNIALS & COLLEGE PLANNING



## OVERVIEW

As debt runs deep in older Millennials' pockets, the decision to continue education past high school is no longer a given. Additionally, the ubiquity of a college education and the prevalence of online courses or alternative schooling has made the value of a college degree become increasingly more subjective. More than ever, students are having to let finances dictate their futures.

### School Choice: The Safety Net Shrinks

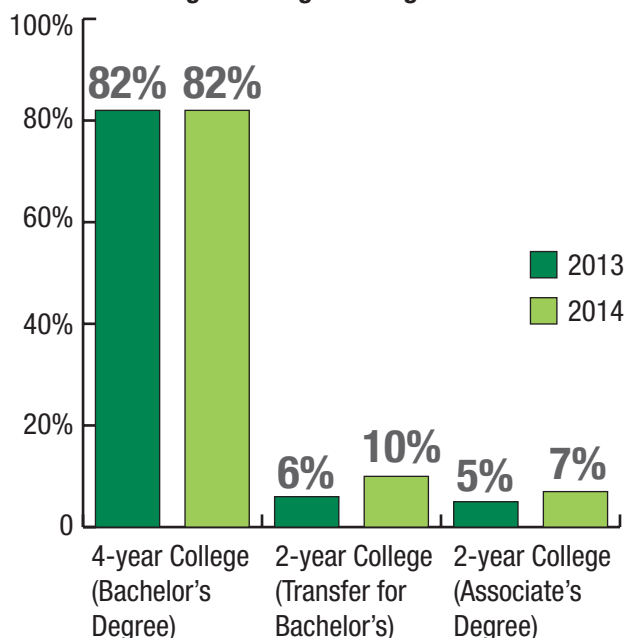
Young students may be in for a rough reality check come college decision time. Thirty-two percent of Ypulse Thumb users (a real-time “yes” or “no” survey) between the ages of 13 and 17 think they will eventually attend their top choice school, yet only 19 percent of Thumb users ages 18 to 24 actually attended their top school. According to The American Freshman National Norms, compiled by the Higher Education Research Institute, 57 percent of students chose not to attend their first choice school last year, which is the highest percentage on record. Financial analysts speculate that the major reason is financial hurdles. The cost of state colleges is rising as funds are allocated elsewhere, making state schools no longer the reliably affordable option they once were. This generation has seen first-hand the negative consequences of playing with personal savings, and as younger Millennials age up into the incoming freshman class, they are making more practical decisions.



*“Is it worth it to spend \$250,000 versus whatever your state university costs? Or is it better to go to the community college for two years then transfer to the four-year school? There’s a lot more conversation around that.”*

—Robyn Kaiserman, financial analyst at global research firm Mintel

What are your plans in the year immediately after graduating from high school?



Ypulse Lifeline Survey April 2013 | Base n=148 and April 2014 | Base n=232

As of April 2014, post-graduation plans for high school students also included...

**33%**

**Getting a Part-time Job**

**16%**

**Volunteering**

(8% male, 26% female)

**15%**

**Traveling**

(10% male, 20% female)

**8%**

**Getting a Full-time Job**

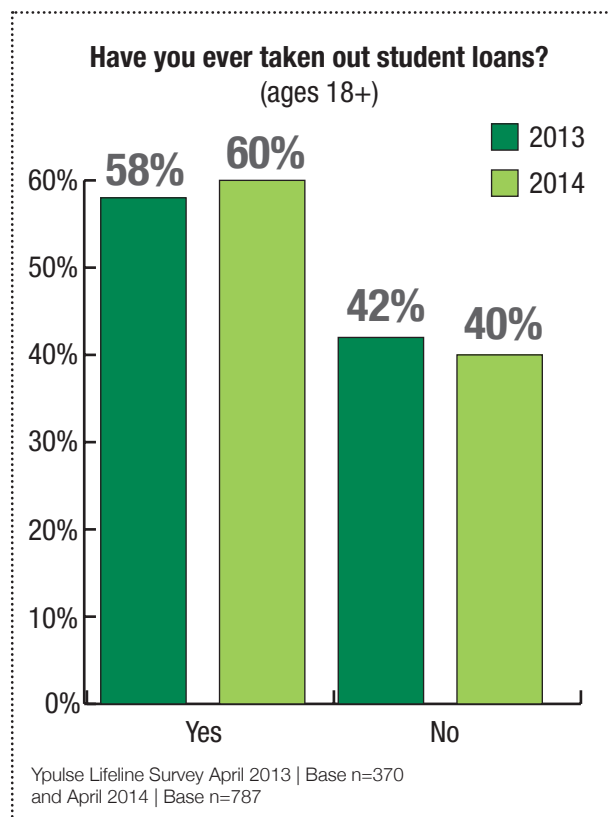


## FINANCIAL AID IS MAKE IT OR BREAK IT

For 60 percent of Millennials, financial aid is a deciding factor in their school choice. Among those not attending their first choice school this year, 62 percent said it was because they couldn't afford it, and a quarter revealed that their top pick didn't offer anything in the way of financial aid. Preparing for college is difficult for many students when the sticker price and discount aren't as advertised, forcing them to conduct negotiations with the institutions and re-think their financial plans as schools' decision deadlines approach.

### Student Loans: Sum Woes

College tuition and loans top the list of money matters that are worrying Millennials ages 18-29, with one in five (21 percent) claiming it as their family's main financial problem. A recent survey released by Mintel of more than 2,000 Americans over the age of 18 revealed that only one in five think student loans are a good investment, compared to more than half believing so in 2012. Student loan payments are also rising, taking a significant chunk out of Millennials' pay checks when it comes time to pay up post-graduation. One-third of those with student loans are shelling out over \$300 per month and five percent are actually paying more than \$1,000 per month.



In April 2013, **40%** of those with student loans were "very confident" in their ability to pay off their student loans. In 2014 that number rose to **50%**

Those with student loans think it will take an average of **10.5 years** to pay them back.

Almost a **quarter (24%)** think that their student loans will be forgiven.

## THE RISING COST OF NOT GOING TO COLLEGE

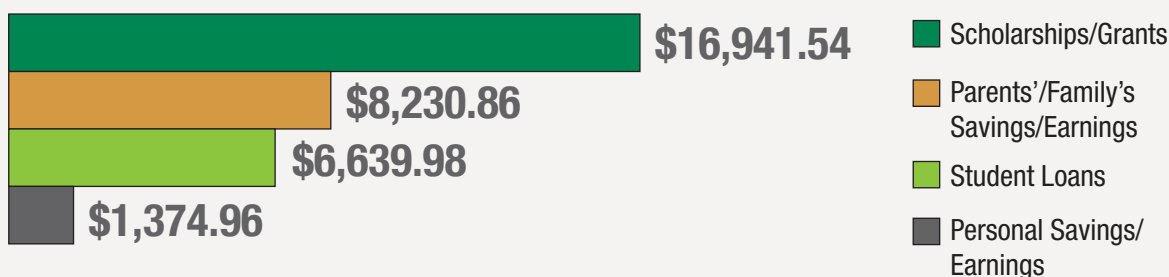
Massive debt and a slow job market might have Millennials wondering if college is still worth it. But according to Pew's recent research, it is. Millennials with college degrees make an average of \$17,500 more than peers with a high school diploma, and the "education pay gap" has actually widened since Generation X-ers were entering the workplace.

## A FOUR-YEAR COLLEGE DEGREE IS STILL THE STANDARD

Even though they are aware that college will likely burden them with loans and won't guarantee them a job, a four-year college degree is still considered a life requirement. Says one female Millennial: "I can't imagine trying to enter the workforce without at least a bachelor's degree. Many employers won't even look at a resume if it doesn't include a college degree." While high school graduates are hard-pressed to find gainful employment with just a diploma, we see a new Catch-22 emerging: As the number of people attending college increases, the value of its education decreases. Some Millennials say "a four-year college degree isn't as valuable as it used to be," but continue with their higher education in order to have a real chance in the job market.

### Source of First Year's College Tuition

(Whole dollar amount entered by high school seniors planning to attend college)



Ypulse Lifeline Survey April 2014 | Base n=106

## REAL WORLD EXPERIENCE IS REAL VALUE

Recruiters make it clear that it's vital for students to gain real world working experience, whether through part-time jobs or internships, in order to continue competing for a place in the job market post-graduation. While college may be the standard, the Millennials we spoke to agreed that real world experience is unmatched. Rachel, who has become disenchanted with the value of a four-year college degree, thinks that "getting work experience and practice in your field (through internships) is what is the most valuable in today's society" and as the job market looks up, some are choosing to gain work experience before heading into the college classroom grind.

## THE ARTS HAVE BECOME AN AFTER-SCHOOL SPECIAL

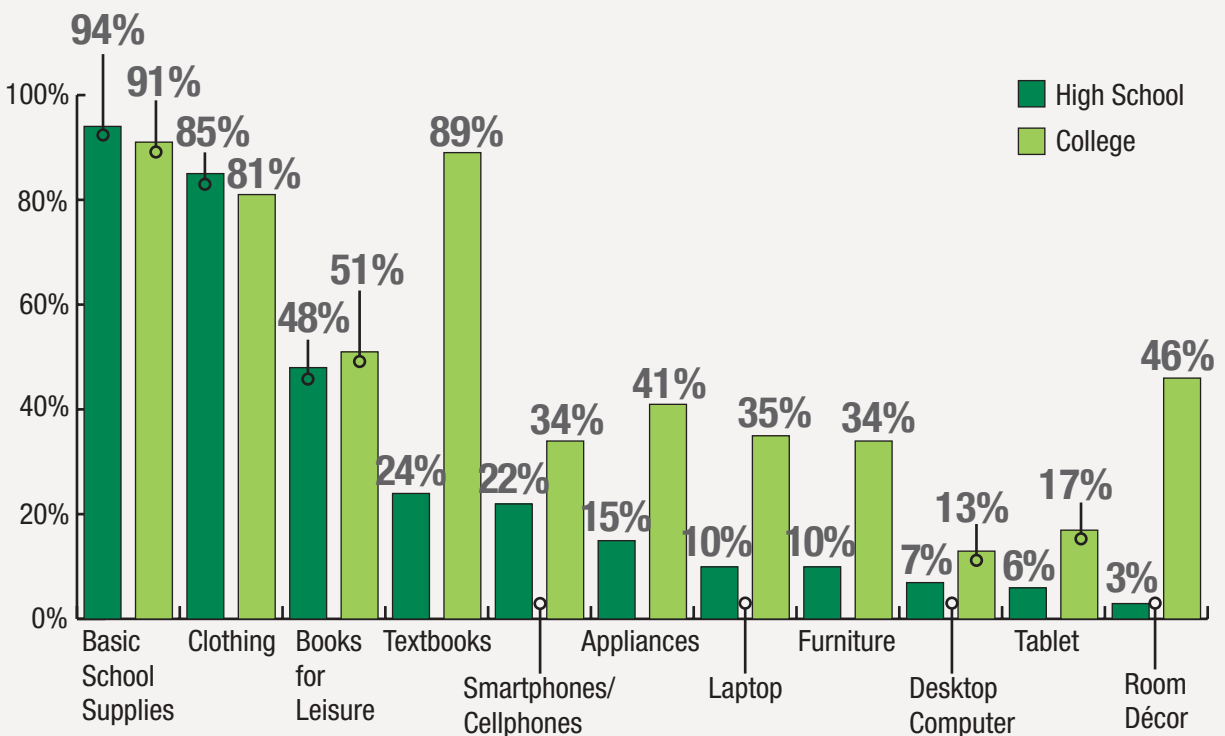
During the college application process, being involved in extra-curricular activities is important in order to stay ahead of the pack and gain leadership experience. But many of the opportunities attracting young students today are in the fields of technology and business. Students are gradually shying away from hands-on art classes in favor of more structured courses that position them to earn higher weighted GPAs, leaving them to invest in artistic and creative interests during their limited time outside of school.

## BACK-TO-SCHOOL

### Season of Spending

Students are increasingly looking for part-time work and investing in creative side passions that can earn them extra cash because going back to school is another expense in their budgets. Nearly 70 percent of Millennials view back-to-school as its own shopping season. High school students spent an average of \$178 on back-to-school shopping when surveyed post-season in September 2013, not including the money spent by parents and guardians, which they estimated to be \$254. Meanwhile, college students spent more than double, estimating an average of \$547 on back-to-school shopping with an additional \$417 spent by their parents and guardians. This generation is depending on their families for even day-to-day back-to-school purchases. Last year's top retailers for back-to-school clothing shopping were Target, Amazon, Wal-Mart, Macy's, and Kohl's—all but Macy's considered to be discount retailers.

### What Students Purchased for the 2013 School Year



Ypulse Lifeline Survey Sept 2013 | High School Student Base n=212 and College Student Base n=328

Research conducted for Junior Achievement by Ypulse (May, 2014). Ypulse conducts a bi-weekly Pulse Survey among 1,000 14-30-year-olds, powered by SurveyU, a proprietary youth research panel of over 150,000 Millennials ages 13-34.

**About Junior Achievement USA®**

Junior Achievement is the world's largest organization dedicated to giving young people the knowledge and skills they need to own their economic success, plan for their future, and make smart academic and economic choices. JA programs are delivered by corporate and community volunteers, and provide relevant, hands-on experiences that give students from kindergarten through high school knowledge and skills in financial literacy, work readiness and entrepreneurship. Today, JA reaches 4.4 million students per year in 115 markets across the United States, with an additional 5.8 million students served by operations in 120 other countries worldwide. Visit [www.ja.org](http://www.ja.org) for more information.

Junior Achievement USA in collaboration with PwC developed JA Build Your Future, an App designed to help teens and their parents make more informed choices about investing in education and the potential income to be anticipated as part of a variety of career choices. To learn more, visit [ja.org/Apps](http://ja.org/Apps).

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