

**National College Savings Month in September offers an opportunity to focus on how families can be encouraged to save more money for college. Below is a summary of relevant recent research.**

**How America Pays for College:** Sallie Mae's national study of college students and parents conducted by Gallup, August 2008

- 9% of families paid for college last year using a college savings fund, such as a 529 plan. The average amount contributed through college savings plans was \$7,964 – higher than the average amount contributed from any other non-borrowed source.
- Additionally, 12% of parents contributed from other savings and investments and 19% of students used their own savings to help pay for college, although these instruments did not have the tax-advantaged benefits that college savings funds have.
- In total, 37% of families used some type of student or parent savings to pay for college.
- The average family paid 6% of the total cost of attendance using money from college savings plans; another 10% of the total cost of attendance came from a combination of parents' and students' savings.

Source: *How America Pays*, a national study of 1,400 college-going students and parents from Sallie Mae and Gallup. For more information, go to [www.SallieMae.com/howAmericapays](http://www.SallieMae.com/howAmericapays).

**Upromise Education and the Economy Study:** National study conducted by Upromise, August 2008

- Nearly 80% of parents said they didn't think they were saving enough for college and 58% credited this to the rising prices of gas, groceries and utilities.
- Just one year ago, parents responded to a Upromise survey question asking what they would do with an extra \$10,000 and 41% said they would save it for college. This year, a mere 14% opted to allocate the money to college, while 44% would use it to pay down daily expenses and reduce debt.

Source: *Upromise Education and the Economy Study*, a national study of 1,500 U.S. consumers from Upromise and e-Rewards, Inc. Consumer Online Omnibus. For more information, go to [news.upromise.com](http://news.upromise.com).

**From Aspirations to Action: The Role of Middle School Parents in Making the Dream of College a Reality:** a report by the Institute for Higher Education Policy (IHEP) with financial support from The Sallie Mae Fund, December 2007

- 26% of parents of middle-school students had taken no action toward paying for college – such as saving money, cutting back on spending, researching financial aid or working more – despite the fact that 38% percent believed they have the primary responsibility for paying for college and another 43% believed they shared that responsibility with the child.
- 63% of parents of middle-school children had not started saving for college; of these parents, 35% said they needed money for other things and another 23% said it was because they still had time to start.
- Of all parents, 37% reported saving money and 30% reported cutting back on spending.
- Among those who had started saving, the most common savings vehicles were bank savings accounts (28%), followed by bank CDs (15%) and U.S. savings bonds (13%).
- Few parents reported using financial instruments specifically intended for saving for college: only 8% had used 529 plans, less than 1% had used prepaid tuition plans and 2% had used loyalty reward programs.

Source: *From Aspirations to Action*, an Institute for Higher Education Policy survey of 1,800 parents of middle school students (sixth through eighth graders). For more information, go to [www.salliemae.org](http://www.salliemae.org).