



## **Cost-Conscious College Graduates: A Study of Recent College Graduates Executive Summary**

### **Introduction**

The following are key findings from Fidelity Investments' study of recent college graduates. The research was designed to examine how the cost of college and resulting student debt levels have affected the choices and future financial outlook of the college classes of 2011, 2012 and 2013.

An online survey among a national sample of 750 college graduates was conducted by ORC International, an independent research firm, from April 3 - April 15, 2013. Of the total sample surveyed, 352 students are graduating in 2013 and 398 graduated in 2011 and 2012. The results of Fidelity Investments' *Cost-Conscious College Graduates Study* may not be representative of all students meeting the same criteria as those surveyed for this study.

### **Key Findings: Half of 2013 college grads surprised by their student debt.**

- 70% of the class of 2013 is graduating with debt, averaging \$35,200
- 39% would have made different choices related to college planning had they understood the total cost of college
- Top advice from these recent grads to high school students: save early, research financial aid options, and look for ways to control costs while in college
- Recent grads show accountability, with 85% contributing some of their personal savings to their college tuition and expenses
- 59% report they chose a specific major in hopes of securing a higher paying job
- One-half say paying off their student loan debt is the top financial goal
- 54% of recent grads have a financial plan in place to meet financial goals

## College grads and their student debt

- Graduates were asked approximately how much debt they accumulated during college: 70% of the class of 2013 is graduating with some type of debt, averaging \$35,200 including federal, state and private loans, as well as debt owed to family and through credit cards
- 50% percent of the class of 2013 are surprised by how much student debt they accumulated
- On average, debt accumulated by type of loan for these 2013 graduates was:

Category of Debt – Class of '13	% with Debt	Average Debt
Government loans	56%	\$26,000
Private loans	22%	\$19,000
State loans	12%	\$18,000
Credit cards	25%	\$3,000
Personal/family loans	23%	\$13,000

- Nearly all recent graduates (92%) plan to pay back their student loans through their primary job, while nearly one-quarter say they will pay back loans with help from their parents, personal savings or a second job

Plan for paying back debt/loans	Classes of '11,'12,'13
Through my primary job	92%
With help from my parents or family	25%
Through existing savings	24%
Through a second job	21%
I am considering refinancing my loans	11%

- On average, recent graduates think it will take them about 10 years to pay off their debt
  - 54% of students graduating with student loan debt are expecting it to take more than nine years to pay off
  - 7% do not think they will ever pay back their loans

## **Lessons Learned: New grads reflect on what they could have done differently**

- When asked about the value of their education relative to the debt they accumulated, 39% of 2013 graduates said they don't regret going to college but would have made different choices if they had thought in advance about how much debt they would accrue; this is up from 25% of new graduates who said this in 2011
- When asked what decisions they would have made differently knowing what they now know about college costs, the class of 2013 report:
  - More than one-half (52%) would have researched more grants/scholarships
  - 48% would have started saving earlier
  - 42% would have found more ways to save and control costs while in school
  - 23% would have better researched and understood financial aid and the implications of taking on student debt
  - 24% would have opened a dedicated college savings account
- 57% of 2013 graduates think they could have saved more for college and of these:
  - 69% say they could have cut back on entertainment/eating out
  - 64% report they could have cut back on retail spending
  - About one-half say they could have saved more from a summer job during high school (54%) or an after-school job during high school (47%)
  - 43% say they could have used gifts such as birthday and graduation money

## **Recent graduates show accountability, planning for financial future**

- 85% of recent college grads report that they contributed at least some of their own personal savings to their college tuition and related expenses
  - Of those who contributed to their college expenses, 27% contributed more than \$10,000
- 81% worked during the summer, school year, or both to help with their college-related expenses

## Choice of major in college and current employment status

- 57% of recent graduates chose their specific major in hopes of securing a higher paying job post-graduation
- The top five majors listed by graduates were:
  - Business (9%)
  - Biology (9%)
  - Psychology (8%)
  - Engineering (7%)
  - Accounting/Finance (6%)
- Among those who graduated in 2011 or 2012, 32% found a full-time job in their field, 15% have a full-time job outside their field, 14% are working part-time and 28% are currently in graduate school
  - When asked how long it took them to find a job, 46% said they had their job prior to graduating, while 35% found a job within four months of graduating
- Among those who will graduate in 2013, 38% are actively looking for employment, 18% applied or are accepted at graduate school, 14% have a full-time offer in their field of choice, 5% have a full-time offer outside of their field and 9% have a part-time job offer

Current Job Status	Class of 2013	Classes of '11, '12
Full-time job in my field of choice	14%	32%
Full-time job outside my field of choice	5%	15%
Part-time job in my field of choice	5%	5%
Part-time job outside my field of choice	4%	9%
Actively seeking employment	38%	8%
Graduate school (applied or attended)	18%	28%
Not actively seeking employment	13%	1%

- When asked how optimistic they are about finding a job in their field of choice in the next 6 months, more than half of the class of 2013 (52%) are pessimistic, 40% are optimistic and 8% have given up looking in their field of choice
- Of all recent grads currently enrolled or planning to attend graduate school, nearly 6 in 10 (58%) say they need a graduate degree for their profession, 61% hope it will allow them to find a better paying job, and nearly one-half (45%) hope it will increase their chances of finding a job

## Many recent grads are planning for the future and have financial goals in place

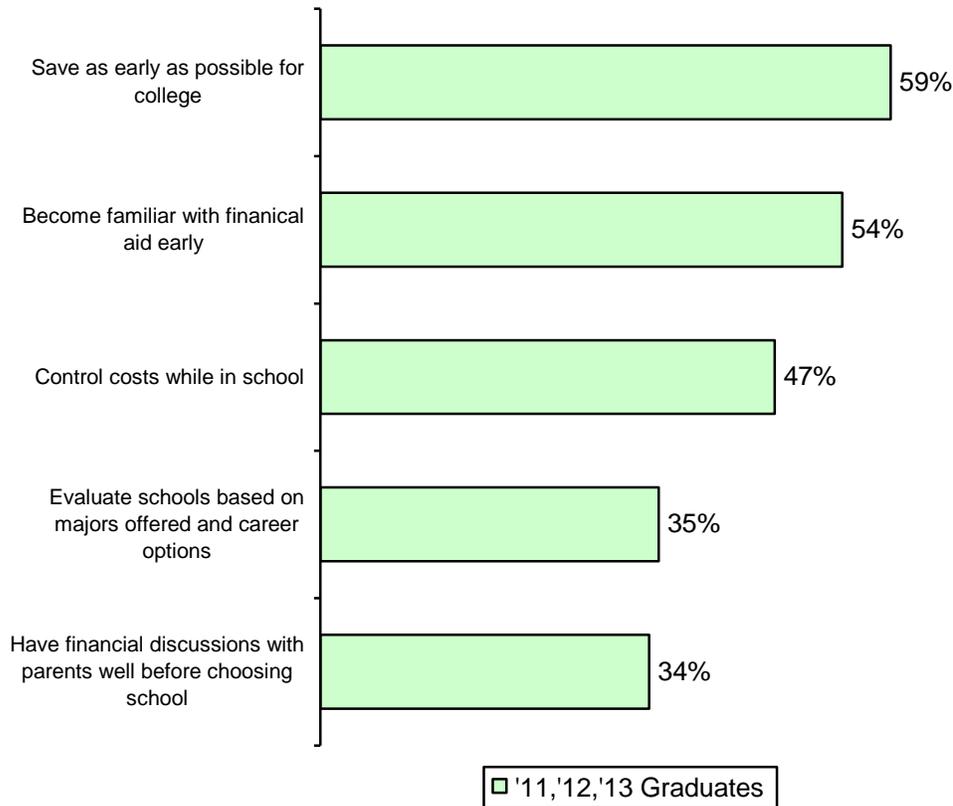
- When asked what their future financial goals are moving forward:

<b>Future Financial Goals – post graduation</b>	<b>Classes of '11,'12,'13</b>
Pay off Student Debt	50%
Save to Buy a Home	41%
Create an Emergency Fund	34%
Save for a New Car	28%
Save for Retirement	26%

- More than one half (54%) said they have a plan in place to meet their financial goals; 46% do not
  - 51% of recent grads got help from their parents to develop their financial plan
- In terms of steps taken to reach their goals, nearly two thirds (64%) will or have already created a budget and/or plan to cut back on discretionary spending (63%)
  - More than one-half plan to get a job (57%) and/or save a portion of their paycheck (56%)
- When asked what financial resource recent grads will use as financial guidance moving forward:
  - 53% say parents
  - 27% say Internet education and tools / Books
  - 24% say a financial advisor
  - 22% say a bank

## Financial advice for college-bound students and families

- The top pieces of financial advice recent graduates would give to college-bound high school students include:



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