

## ICI Releases Comprehensive Look at College Savings Patterns, October 2003

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Washington, DC, October 7, 2003 - The Investment Company Institute today released [Profile of Households Saving for College](#), the first comprehensive examination of the college savings behavior of parents with children age 18 or younger.

The main findings of the study include:

- Saving for education is a top household financial goal and many parents are saving. More than 80 percent of responding parents cite savings for education as one of their household financial goals. Only saving for retirement and providing for emergencies are mentioned more frequently. Of the parents who participated in the survey, nearly two-thirds currently are saving for their children's college education.
- Most parents who are saving for college have been doing so for several years. These parents have saved a median of \$10,000 and a mean of \$23,600. The median length of time these responding parents have been saving for college is 6 years, the mean is 7.4 years.
- Parents who are saving for college education have a high awareness of education-targeted plans and accounts, even if they do not own such accounts. Nearly two-thirds of parents responding to the survey and who are saving for college are aware of education-targeted savings programs (such as state-sponsored 529 college savings plans and Coverdell Education Savings Accounts) but do not own any of these plans or accounts. However, more than one-quarter of those parents indicate that they are likely to open one in the next 12 months.
- Professional financial advisers are an important source of information about state-sponsored 529 college savings plans and Coverdell Education Savings Accounts. The largest percentage of responding parents with 529 college savings plans and the largest percentage with Coverdell ESAs obtained information about these plans and accounts from professional financial advisers.
- Education-targeted savings programs have made inroads despite being relatively new. The median household assets in state-sponsored 529 prepaid tuition plans and 529 college savings plans are each \$5,000. Median household assets in Coverdell ESAs are \$4,000. Nearly half of households with 529 prepaid tuition plans opened those accounts in 2001 or later and 63 percent of households with 529 college savings plans opened the accounts in 2001 or later. Similarly, an overwhelming majority of these households contributed to these accounts in 2002.
- Parents take advantage of a variety of college savings options. More than 90 percent of responding parents who are saving for college use taxable accounts to help achieve this goal. In addition, 42 percent use U.S. Savings Bonds and 15 percent use UGMA or UTMA accounts to save for college.
- Parents' financial situation greatly influences their ability to save for their children's college education. Nearly two-thirds of responding parents who are not saving for their children's college education indicate they cannot afford to do so. Other factors influencing college savings include the parents' level of education, their age, and the number of children in the family.

Many mutual fund company websites offer information on education savings programs they offer. Individuals seeking additional information may want to visit the website for the [College Savings Plans Network](#) or TPC sites. ICI also devotes a portion of this website to education savings issues, education savings resources for investors, and statistics on the education savings market.

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The Institute is the national association of the American investment company industry. Its membership includes 8,664 open-end investment companies ("mutual funds"), 601 closed-end investment companies, 106 exchange-traded funds, and six sponsors of unit investment trusts. Its mutual fund members have assets of about \$6.967 trillion, accounting for approximately 95 percent of total

industry assets, and 90.2 million individual shareholders.

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