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Parents give college costs short shrift

74 percent in study put money into luxury items rather than savings

By Jennifer Harper
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Many self-indulgent parents are choosing plasma televisions and cruises over English 101. A study released Monday reveals that 74 percent of parents of college-bound students conceded they could be "saving significantly more for their children's education" if they curtailed luxury spending.

The survey from investment company Alliance Bernstein found that 58 percent of the parents spent more on eating out in the past year than they had squirreled away for junior's tuition. Also, 49 percent also spent more on vacations and 38 percent spent more on fancy consumer electronics than they put toward college savings. About 87 percent said they were relying on scholarships or grants, and 58 percent "will hold their children accountable" for at least some of the education costs.

"Most parents are about as prepared to meet college costs as freshmen are to do their own laundry," said Jennifer DeLong, director of college savings plans at the New York-based firm.

Mom and Dad are taking a stab at it, though. Parents

COLLEGE CALCULATIONS

Many parents say they spend more money on themselves than on savings for their campus-bound progeny, according to a survey of 1,358 parents of college-bound children.

74 percent say they could save more for their children's education if they stopped luxury spending.

58 percent spent more on eating out than college savings.

27 percent think they will reach their college savings goals.

87 percent are counting on their children receiving scholarship and/or grant money.

95 percent intend to help their offspring pay for some college.

41 percent expect to cover all expenses.

58 percent will hold their children accountable for at least some college expenses.

66 percent expect their child to leave college with debt.

Source: Alliance Bernstein Investments

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plan to save an average \$12,000 by the time those acceptance letters arrive — though projected four-year college costs will be \$54,882 for a public institution and \$131,361 for a private college, according to the College Board, which tracks campus trends. Tuition rises, on average, about 7 percent a year.

A little more than a quarter of the parents said it was "very likely" they would reach their modest goal; a third had saved nothing. Nine out of 10 parents said they intend to help their children pay for some college, but only 41 percent said they will foot the entire bill. Hope

springs eternal, however: 72 percent of the parents said their offspring had such "special or unique talents" that they could earn adequate scholarship money.

The survey of 1,358 parents with children ages 14 to 17 was conducted Aug. 2 to 20 and had a margin of error of three percentage points.

Parents are resigned to debt, meanwhile. Two-thirds say their children will leave college with big bills, and that debt was "just a part of life." That attitude comes at a price. Alliance Bernstein said college graduates with tuition obligations tend to live paycheck to paycheck, delay homeownership and having

children, or move back into their parents' home.

Parents also suffer. Almost two-thirds said that college bills would seriously dent retirement funds, and 53 percent said they planned to take out personal loans to defray costs.

A related Alliance Bernstein survey of 200 college financial advisers found that 99 percent agreed that all families — wealthy and otherwise — seek ways to reduce college costs. About 97 percent said parents "have a false sense of security that colleges will help them cover costs," 92 percent say parents overestimate the amount their children can expect to receive in scholarships and grants.

"The discouraging reality is that college costs have skyrocketed and federal financial aid has eroded," said Dallas Martin, president of the National Association of Student Financial Aid Administrators.

"Financial aid is meant to be a last resort, not a way to mitigate college costs," Mr. Martin said. "It's critical for parents to have more realistic expectations for financial aid and adjust their savings efforts accordingly."

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