

Just over two-thirds of Canadian children have savings set aside for their postsecondary education

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Postsecondary education offers greater earnings potential and is associated with a wide range of benefits for both individuals and society. In 2020, just over two-thirds (69%) of Canadian children under the age of 18 had savings set aside for their postsecondary education, up from 63% in 2013, the last time similar data were collected.

Prior to the COVID-19 pandemic, approximately half of postsecondary graduates reported that they had student debt when they completed their program, according to a [recent study](#). Additionally, the pandemic has heightened the financial worries of postsecondary students. [Results](#) from a recent crowdsourcing initiative revealed that almost half of returning student participants were very concerned about having to take on more student debt. While [research](#) has shown that the earnings premium of having a postsecondary education outweighs the cost of obtaining one, planning and saving early on for postsecondary education can help ease the financial burden.

New results from the 2020 Survey of Approaches to Educational Planning provide important information on the extent to which education savings are available to children and the factors impacting the ability of their parents to save.

Education savings are highly connected to parental intentions for their children's postsecondary education. For example, the majority (70%) of parents who hoped that their children would pursue further studies had postsecondary education savings, compared with less than half (42%) of parents who hoped their children would complete high school or less.

Among the 31% of Canadian children without postsecondary education savings, almost half (48%) of their parents indicated they were planning to save for their child's education in the future. The main reasons cited by these parents for not currently having education savings were that they did not have enough money (54%) or that they were planning on paying when the time comes (40%).

More parents are investing in Registered Education Savings Plans

Approximately 85% of children with education savings had a Registered Education Savings Plan (RESP) in 2020, up from 69% in 2008 and 77% in 2013. A [previous study](#) found that having access to an RESP account at age 15 was associated with higher postsecondary enrolment rates by age 19, independent of family income.

Not only did more children have RESPs in 2020, but on average, parents were saving more in their RESPs. The average amount saved among children with an RESP was \$14,520 at the end of 2019, compared with \$11,429 at the end 2013 (in 2019 dollars).

Parental education and education expectations are reflected in savings patterns

While there is a strong association between the education of parents and that of their children, a [Statistics Canada study](#) found that disparities in university completion by parental education have declined slightly over time. That said, the survey results highlight the importance of parental education and postsecondary expectations on saving behaviours.

Half of the children (50%) of parents with a high school diploma or less had savings set aside for their education in 2020. This proportion increased to 62% among children whose parents had a trade certificate or college diploma, and to 80% among children whose parents had a university degree. The relationship between parental education and savings remained when controlling for household income.

Just over half (53%) of children whose parents hoped they would go into the trades or to college already had savings set aside at the time of the survey, compared with almost three-quarters (73%) of children whose parents hoped they would attend university.

Amount saved varies with the child's age and household income level

For children with parents who were already saving, the RESP amounts saved varied according to several factors, including the child's age and household income. The older the child, the greater the time parents have had to accumulate savings. Nevertheless, parents with lower household incomes may find it difficult to save while meeting current household needs.

At the end of 2019, the average RESP amount saved for children up to the age of 4 was \$5,635. This rose to \$14,327 for children aged 5 to 12, and to \$22,180 for those aged 13 to 17.

Household income was also a factor in the amount of money saved by current RESP contributors. Household income was divided into quintiles, that is, five household income groups from lowest to highest with approximately 20% of children in each group.

Almost half (48%) of children in the lowest household income quintile (less than \$45,000 of annual income) had parents who were saving. This proportion increased by quintile, reaching 87% among children living in the highest household income quintile (\$150,000 or more). The use of RESPs as a savings vehicle, as well as the value of the RESP, also increased by income quintile.

A [recent study](#) by Statistics Canada provides insight into the factors behind the gap in RESP participation between higher- and lower-income families. The study revealed that differences in wealth, followed by higher levels of financial literacy among high-income families, were the two factors that accounted for the majority of differences in RESP participation rates. On the other hand, literacy, numeracy and differences in parental education played much smaller roles.

Table 1
Postsecondary savings among children aged 17 and under, by household income quintile, 2020

	Proportion with savings %	Proportion of savers with a Registered Education Savings Plan (RESP) %	Average value of RESP at the end of 2019 Current dollars
First income quintile (Less than \$45,000)	48.4	75.0	8,454 ^E
Second income quintile (\$45,000 to less than \$76,000)	60.8	78.7	8,560
Third income quintile (\$76,000 to less than \$105,000)	70.0	85.5	11,662
Fourth income quintile (\$105,000 to less than \$150,000)	80.2	87.1	15,027
Fifth income quintile (\$150,000 and over)	86.6	91.0	23,034

^E use with caution

Source(s): Table [37-10-0191-01](#).

Apart from postsecondary education savings, children's parents also planned to support them in other ways when the time comes. Once their children are attending postsecondary education, just over three-quarters (76%) of parents will help pay at that time and one-third (32%) plan to repay all or part of a student loan. A majority (71%) of children's parents also plan on offering free room and board or the use of a car, while 7% said they would help in other ways such as paying for supplies, bills and expenses.

Note to readers

The data in this release are from the Survey of Approaches to Educational Planning (SAEP), conducted by Statistics Canada in partnership with Employment and Social Development Canada.

SAEP is an occasional survey that collects detailed information on how Canadians prepare for their children's postsecondary education and the 2020 cycle was conducted from February 4 to June 20, 2020. Just over 7,000 children 17 years old or younger were selected for the sample, which was drawn from households that had completed their rotation through the Labour Force Survey in preceding months. In most cases, their parents or guardians responded to the survey, although in some instances, older children living on their own responded.

Respondents were asked a series of questions about their educational aspirations for their children, the strategies they use to prepare for their children's postsecondary education, their financial plans for paying for their schooling, and the barriers to saving for higher education.

Prior to 2020, SAEP was conducted as a supplement to the Labour Force Survey in 1999, 2002, and 2013. In 2008, components of the SAEP were integrated into the Access and Support to Education Survey.

Available tables: [37-10-0190-01](#) to [37-10-0192-01](#) .

Definitions, data sources and methods: survey number [4442](#).

The infographic "[Saving for postsecondary education, 2020](#)" is now available as part of the series *Statistics Canada - Infographics* ([11-627-M](#)).

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