

Under embargo until: 00.01hrs Friday 28th October, 2011

FUTURE GENERATIONS COULD MISS OUT AS PARENTS STRUGGLE TO PAY FOR 'WORTHLESS AND OVERPRICED' UNIVERSITY

- **Under pressure: four in ten parents (41%) feel pressured to pay for their children's University fees^[1], but doing so puts a significant financial strain on nearly six in ten households (57%)^[2]**
- **Making sacrifices: parents with children planning to go to University are more likely to take out a loan, cut back their essential spending and downsize their belongings than those whose children have already gone^[3]**
- **Too expensive: over a third of people (36%) think University should be free for everyone^[4] - just a quarter (26%) think they should charge^[4] and only 14% of these agree with the £9,000 maximum fee^[5]**
- **Not worth it: nearly two thirds of people (63%) think degrees are becoming devalued^[6] and just one in twenty (5%) think the value of University justifies the fees^[7]**
- **No choice: one in three people (30%) think that young people today have no choice but to go to University as they need a degree even to get a basic job^[6].**

Students who have started their degrees this year will be the last to benefit from lower tuition fees before they rise to £9,000 next year. But as well as mounting student debt, new research from uSwitch.com, the independent price comparison and switching service, reveals that parents' finances will be pushed to breaking point too.

The average student graduates with a debt in excess of £21,000^[8]. And this is putting parents under financial pressure too. 41% of parents feel pressured to pay for their children's University fees^[1] which has led to over half of all parents (51%) paying the entire fee or contributing significantly^[9]. Four in ten (40%) of those parents who cover the cost do so to stop their child getting into debt, while over half (55%) pay because it's the only way their child could afford to go^[10].

But nearly six in ten parents (56%) who support their child will experience a significant strain on their finances^[2]. A quarter (27%) save money over the years in order to cover the cost, but a third (34%) will be forced to raid their own savings^[3].

And this will only get worse. Three times as many parents with children yet to go to University will need to borrow – 5% of those whose children have already been to University took out a loan, but this will rise to 15% of those with children planning to go to University. They are also more likely to cut back on essential spending – one in ten (10%) whose children have previously been to University had to cut back, but this will rise to three in ten (33%) of those with children planning to attend in the future^[3]. More worryingly, if the current squeeze on household finances continues and fees rise further, future generations could end up missing out as parents struggle to make ends meet.

Annual fees will rise to up to £9,000 from next year, and it's not just parents who think this is too expensive. In fact just a quarter of people (26%) think universities should charge at all and over a third (36%) think University should be free for everyone^[4]. Of those who accept universities should charge, just 14% think £9,000 is acceptable. Over half (54%) think the maximum charged should be between £1,000 and £4,000^[5].

To make matters worse, only 5% of people think University is of enough value to justify the fees^[7] and nearly four in ten (37%) think it isn't the best route for a career^[11]. And as the number of applicants for University continues to rise, nearly two thirds of people (63%) worry that degrees are becoming devalued^[6]. But young people today face a catch-22 as, despite the high fees and student debt, three in ten people (30%) think children have no choice – they have to get a degree just to secure a basic job^[6].

Parents point to employers as being both part of the problem and part of the solution. Over two thirds of people (68%) think that employers have a role to play by offering more entry level roles that don't require a degree^[12]. However, despite this sentiment, one in ten (11%) wouldn't offer a young person a job without a degree^[13].

Michael Ossei, personal finance expert at [uSwitch.com](https://www.uswitch.com), says: “The fact that future generations could miss out on University because of costs is very worrying. Young people looking at getting a degree today are facing a double whammy of rising tuition fees and a stagnant job market. To make matters worse, their parents, who may have been able to help out, are facing an uphill battle to keep their household afloat in the face of the rising cost of living, job losses and pay freezes. It is often the squeeze on their finances that will mean their children miss out on a University education.

“The good news is that loans for living costs are available to all students and this will only need to be paid back when graduates start earning over £21,000 a year. There are also grants available for anyone whose family household income is less than £42,600. For parents who want to plan ahead, it's important to get the best possible rate on a savings account – especially in the current difficult climate.”

For more information visit www.uSwitch.com or call 0800 093 0607

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An ISDN line is available for radio interviews.

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Notes to editors

Research carried out online with the uSwitch.com Consumer Opinion Panel in May 2011 amongst a sample of 1,076 GB adults.

1. When asked of parents "Did/do you feel pressured to pay for your children's University fees?" 41.0% said 'yes'; 59.0% said 'no'
2. When asked of parents "Will/did University fees place a significant financial burden on your household?" 56.1% said 'yes'; 23.8% said 'no'; 11.1% said 'don't know'
3. When asked of parents "How will/did you offset the cost?" 4.7% of those whose child had been to University said they took out a loan, 14.7% of those with a child planning to go would do the same; 9.8% of those whose child had been to University said they cut back on their essential spending, 33.2% of those with a child planning to go would do the same; 2.7% of those whose child had been to University said they had to downsize their belongings, 16.8% of those with a child planning to go would do the same; 27.4% of all parents said "I set money aside for it over the years"; 33.8% said 'I will/did use my savings'; 1.5% of those whose child had been to University said they borrowed from family/friends, 7.4% of those with a child planning to go would do the same.
4. When asked of everybody "Do you think University fees should be free?" 25.8% said 'no'; 35.5% said 'yes – for everyone'; 38.7% said 'yes – but only in some cases'
5. Of those who were asked "For those courses that charge, what should the maximum annual cost be?" 9.1% said 'less than £1,000'; 53.6% said '£1,00 - £4,000'; 13.7% said '£4,000 - £9,000'; .4% said 'over £9,000'
6. When asked of everybody "Which of the following do you agree with?" 63.2% said 'Too many people are going to University today so degrees are becoming devalued'; 30.3% said 'Young people today have no choice – they have to have a degree just to get a basic job'
7. When asked of everybody "Do you think University is of enough value to justify the fees?" 5.3% said 'yes'; 20.9% said 'no'
8. <http://www.guardian.co.uk/money/2010/jul/16/1>
9. When asked of parents "Did you pay their fees?" 23.2% said 'Yes – I paid their yearly tuition fees'; 28.0% said 'Yes – I paid part of their yearly tuition fees'
10. When asked of parents "Why are/did you contribute? (please tick all that apply)" 239.8% said 'I don't want them to get into debt'; 54.8% said 'They won't/ wouldn't be able to afford to go otherwise'
11. When asked of everybody "Do you think University is the best route for a career?" 7.6% said 'Yes, people need a degree for their career'; 30.5% said 'yes, it gives people the best possible start';
12. When asked "Which of the following do you agree with?" 67.8% said 'Employers have a role to play in offering young people opportunities to start a career without a degree'
13. When asked of everybody "Would you be prepared to offer a young person without a degree a job?" 8.8% said 'No – it's not normal practice in my line of work'; 2.3% said 'No – my company has a policy of only employing young people who are graduates'

About us

uSwitch.com is a free, impartial, online and telephone-based comparison and switching service, helping consumers compare prices on gas, electricity, water, heating cover, home telephone, broadband, digital television, mobile phones and personal finance products including mortgages, credit cards, current accounts and insurance. In 2010 uSwitch.com celebrates ten years of saving customers money.

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