

## **Debt-plagued Millennial Parents Are Starting to Save for College Earlier than Prior Generations**

*The greater their own college debt burden, the more likely they are to start saving early, according to a 529 Day survey from online investment adviser CollegeBacker.com*

San Francisco, CA – Millennial parents, many of whom are reeling under the burden of their own college debt, are starting to save for their kids' college costs earlier than previous generations, according to data released today by CollegeBacker.com, an internet startup founded to make it easier for parents to set up tax-free 529 plans and enlist family and friends to help them save more.

“Millennials understand better than GenX or Baby Boomer parents the crippling effect of college debt and are making sacrifices early to spare their own children that kind of misery,” said CollegeBacker CEO and founder Jordan Lee.

According to the survey of parents, Millennials were 43 percent more likely than Baby Boomers to start saving for college before their children reached the age of 5 and 24 percent more likely than GenXers.

The highest proportion of early savers was among Millennial parents who reported “very” to “extreme” college debt challenges: 67 percent said they were saving or planned to start saving before their child reached the age of 5, including 31 percent before their child was born. In comparison, only 56% of those who reported moderate to no college debt challenges were targeting age 5 or younger to start, and only 8% before their child was born. Millennials were 45% more likely than Boomers to report a college debt burden that was “very” or “extremely” challenging.

CollegeBacker surveyed 724 U.S. parents online in late April and early May 2019 to commemorate 529 Day (5/29) and raise awareness of tax-free college savings plans, which are unknown to many Americans.

CollegeBacker's own 529 plan sign-ups support the survey data. According to Lee, 6 of 10 families who enrolled in a college savings plan did so when their kids were age 2 or under, and nearly 1 in 5 before their child was even born. “Early customer feedback revealed that many parents wanted to enroll in 529s even before their child was born or had a social security number, so we have tried to make it easy for parents to do that, as well as enlist friends and relatives to help grow their savings through circle-funded gifts,” added Lee.

Millennials, who tend to act more socially than previous generations, are also leveraging their family and friends to save when given the tools to do so. Savings in the form of gifts from family and friends, referred to as “circle funding,” amount to \$3 out of every \$10 in CollegeBacker plan accounts.

In honor of 529 Day and to assist debt-strapped parents, CollegeBacker is offering prize grants of up to \$529 to parents who sign up for a 529 plan between May 26 and June 1, with every participant receiving at least a \$29 grant. Details of the promotion can be found at [CollegeBacker.com/529Day](http://CollegeBacker.com/529Day).

Among other revealing data from the survey, Baby Boomers (25 percent) were 2.5 times more likely to say there was “no need” to save for college compared to Millennials (10 percent).

Other factors driving Millennials to save early include the rising cost of an education, which is expected to grow to \$200,000 for a 4-year public college and could top \$500,000 for private schools by 2035, according to a recent Vanguard report.

According to Lee, a good rule of thumb is for parents to aim to save a third of the expected cost of college, with the other two thirds covered by scholarships, financial aid and current income. “If they start when their kids are young, \$100 or \$200 a month will take them a long way toward their goal,” said Lee. “Especially if they can use our circle funding feature to enlist the support of family and friends.”

### **About CollegeBacker**

[CollegeBacker](#) is democratizing access to higher education with a free social investing platform that helps millennial parents conquer their #1 financial fear – paying for college – with help from family and friends. Of the 35 million U.S. families that want to save for college, only 16 percent are saving smart with a tax-advantaged 529 college savings plan, and of them only 1-2% are getting help from family and friends. Since its debut in 2017, CollegeBacker has helped American families invest millions of dollars in 529s, 30 percent of which has come in the form of circle funding from family and friends.