



**Sands & Associates**

Proposal Administrators & Trustees in Bankruptcy

**Report:**  
2013 BC Student Finances Study

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## Introduction

In October of 2013, Sands & Associates, BC's largest firm of licensed trustees in bankruptcy and administrators of consumer proposals, completed an in-person survey of more than 350 students at two of BC's largest universities – Simon Fraser University and The University of British Columbia.

Targeting students under the age of 25, Sands & Associates commissioned the study to capture the mind-set and thoughts of students around their financial decisions and lifestyle at a pivotal point in their financial lives. With much attention being paid to former students having significant difficulties paying off their indebtedness after graduation, this study is an attempt to take the pulse of students before they have left school and understand their financial situation and outlook prior to entering the real world and becoming accountable for paying off the debts they have accumulated.

Key findings from the **2013 BC Student Finances Study** show that the current lifestyle and financial model that students are operating from, is heavily parent funded - and typically supplemented by student loans. This indicates a lack of experience in the work force, and an altered sense of financial realities.

Additionally, the study shows that a large portion of BC university students are misguided around their financial expectations post graduation - including how much debt they expect to carry post graduation, how quickly they expect to pay it off, and the size of their anticipated salaries.

Of particular note is the frequency of students being offered unsecured credit while they are still students. A full one third of students surveyed reported being offered unsecured credit more than three times per year.

While the majority of study subjects showed caution with credit limits, the understanding of basic financial life skills and key areas of knowledge were found to be lacking for significant portions of the study population.



## Data Results

Here is what the data showed:

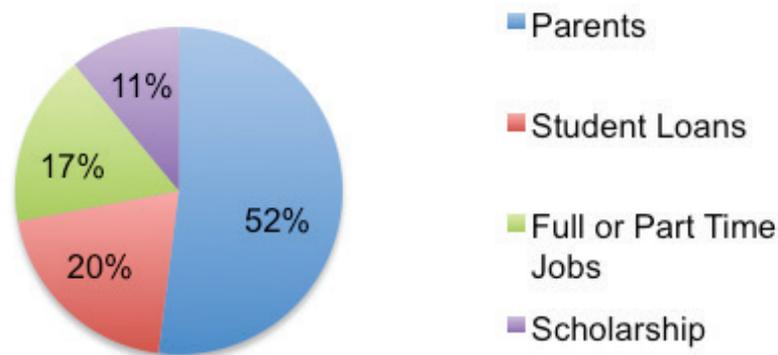
### Demographics:

95 per cent of the students surveyed by the **2013 BC Student Finances Study** were between the ages of 18-25, with 5 per cent of those aged 26 or older. Of those surveyed, males and females were evenly split, with males making up 51 per cent of respondents and women, 49 per cent.

### Education Funding & Lifestyle:

#### *How are students funding the majority of their expenses?*

When it comes to funding their education, the study found that 52 per cent of BC university students turned to their parents to foot the majority of the bill. This is followed by 20 per cent who reported that student loans are financing the majority of their education, 17 per cent who reported to be working a full time or part time job to finance the majority of their education, and finally, 11 per cent, who reported to be receiving the majority of their education under a scholarship.



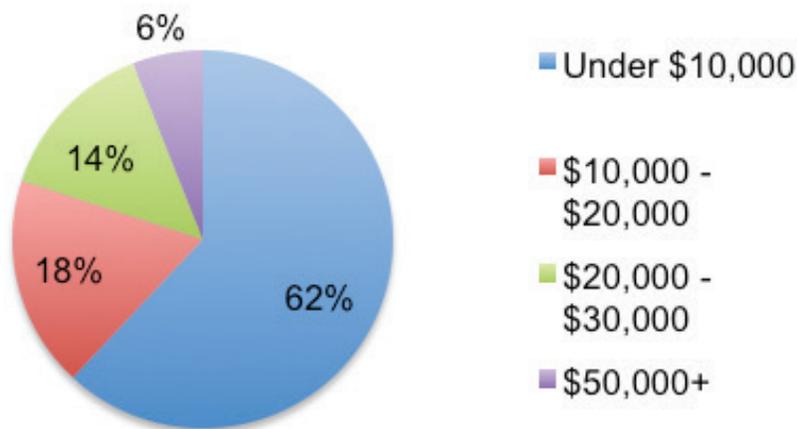


## Data Results

### *How much debt do students expect to have upon graduation?*

Despite only 20 per cent of BC university students reporting to be using student loans to finance the majority of their education, 80 per cent of all respondents expect to have up to \$20,000 in student loan debts after graduation.

In total, 62 per cent expect to have under \$10,000 in student loan debts, 18 per cent expect to have between \$10,000 to \$20,000 in student loan debts, and 14 per cent expect to have between \$20,000 to \$30,000 in student loan debts. A further 6 per cent reported that they anticipate owing more than \$50,000 in student loans upon graduation. This is indicative of a student population that is utilizing a combination of options to finance their education.



### *How do students pay for their daily purchases?*

The study also found that students primarily pay for their daily purchases with debit cards. 50 per cent stated that they use a debit card as their preferred method of payment, 28 per cent said they use cash as their preferred method of payment, and 22 per cent said they use credit cards for the majority of their purchases.

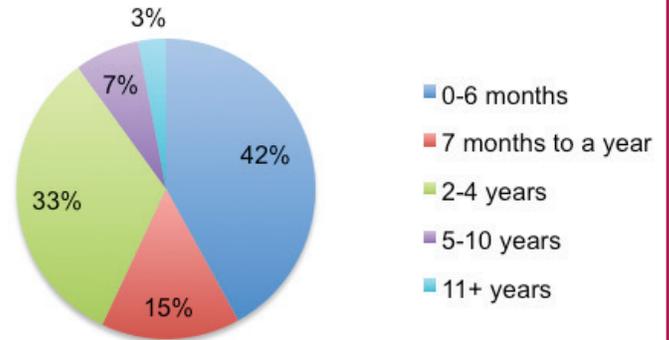


## Data Results

### Post-Graduation Expectations:

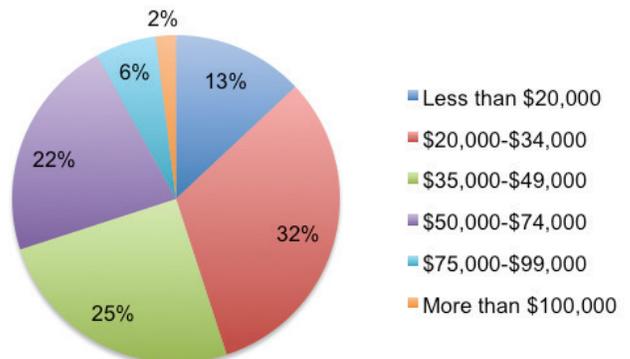
#### ***How quickly do students expect to pay off their student loans?***

The Sands & Associates 2013 BC Student Finances Study also profiled students on their financial expectations following their university graduation. The study found that most individuals, 57 per cent, expect to pay off their student debts within one calendar year. Another 33 per cent expect to pay of their student debts within 2 to 4 years. Just 10 per cent of respondents believed it would take them more than five years to pay off their loans.



#### ***How much do students expect to earn one year after graduation?***

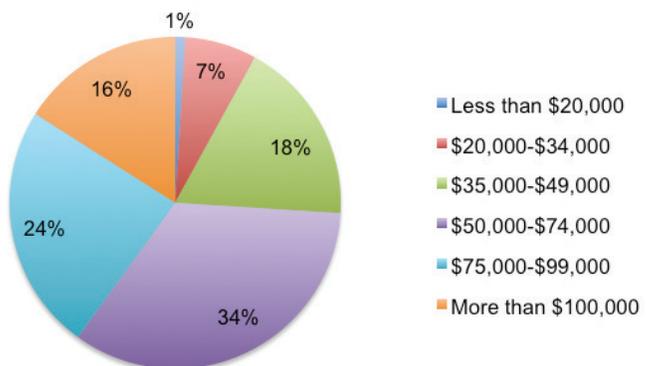
The majority of students have an overwhelmingly positive outlook on their salary potential straight out of university, with 47 per cent reporting they anticipate to be making between \$35,000 and \$74,000 one year after graduation.



#### ***How much do students expect to earn five years after graduation?***

Five years after graduation, nearly three-quarters of all students surveyed, 73 per cent, anticipate to earn a salary greater than \$50,000.

Though 74 per cent of our students surveyed expect to earn more than 50,000 within 5 years, the reality is that in 2011 only 27% of BC residents earned more than \$50,000 and the median income in the province was less than \$30,000.



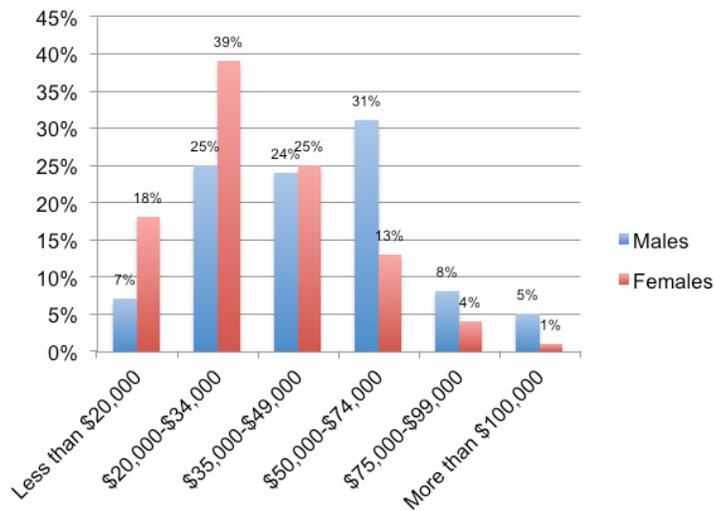


## Data Results

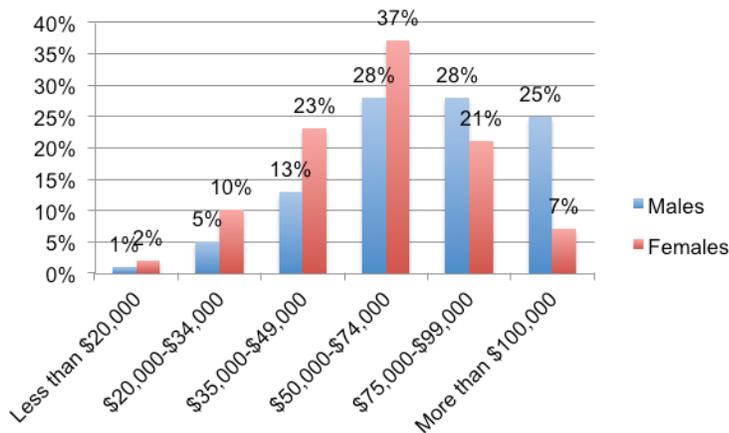
### Post-Graduation Expectations:

Male expectations also appear to be higher than females' in terms of anticipated salary - both one year and five years after graduation.

#### 1 Year After Graduation:



#### 5 Years After Graduation:





## Data Results

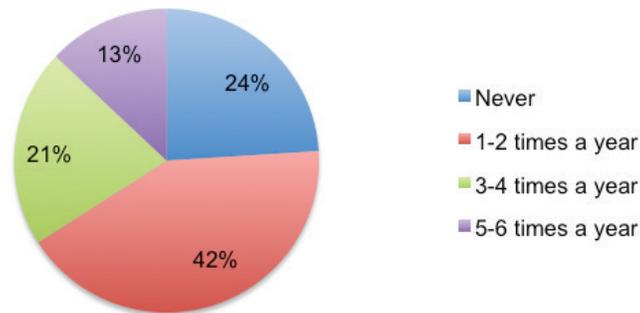
### Credit Habits:

#### ***How many credit cards do students have?***

More than half, 63 per cent, have at least one credit card, with limits typically less than \$1,000. It is notable that 10% of respondents carry a credit limit of more than \$5,000, indicating that the credit card may not be used solely for daily purchases and paid off in full each month.

#### ***How often are students approached to take on more credit?***

The study found that 75 per cent of students are offered unsecured credit each year, with 33 per cent of students surveyed reporting an average of 3 to 6 offers of credit.



#### ***How aware are students of the impact of not paying their credit card bills?***

Whether they own a credit card or not, 65 per cent of the total university students polled did not know the extent of the penalties that can happen if a late payment is made on credit card – indicating that there is room for education around credit and credit scores.

Despite this, 70 per cent of students who own a credit card report that they pay their balance in full every month. However, it is interesting to note that good payment habits decline with age. Of those ages 18-25, 77 per cent reported to pay their bill in full each month, in contrast to 50 per cent of those ages 26 and older who say they do the same. These findings indicate a clear relationship between financial behaviour and age, and indicate the need to educate students on credit and repayment habits earlier on.