College Confidence
What America knows about paying for college
Findings from Sallie Mae’s national study of high school students and parents

What we’ll cover
- About this research
- How college-bound families feel about paying for college
- What families know about the FAFSA® and the financial aid process, scholarships and student loans
- Paying-for-college perceptions and misconceptions

What’s in it for you
- Establish how prepared families feel for paying for college
- Explore ways to help families plan
About the research
College Confidence 2021

Study objectives
The College Confidence research measures...

- High school families’ understanding, perceptions and misconceptions about college financing
- What college-bound students and parents know about financial aid, the FAFSA, scholarships, and student loans
- Ways to help families plan to pay for college

Sample and method

- 585 students and 550 parents of high school juniors and seniors who are planning to attend college
- Research fielded between August 19 – September 20, 2021
- Research conducted by Ipsos online, in English
- The survey sample comprised a cross-section of key demographic variables
- Sampling weights were sourced from the American Community Survey (ACS) and the Current Population Survey (CPS)

How families feel about college and financing
Students believe that college is a path to opportunities

However, families are stressed about education financing

6 in 10 families feel knowledgeable about paying for college, but fewer are confident

- 74% of college-bound families say they already started thinking about how to pay
Families make assumptions about the cost of college

- Cost is a critical factor as families decide which schools to consider.

Perceptions of college cost

- The amount families actually pay for college is lower than the price that is advertised by the school.
- Private schools are always more expensive than public schools.

School types under consideration

- Public only, 34%
- Private only, 2%
- Both public and private, 48%
- Don’t know, 16%
Understanding the funding sources

FAFSA®
Financial aid
Scholarships
Loans

Most have heard of the FAFSA, but few are very familiar

- Parents are more familiar with the FAFSA than students are based on their past experience with the application
One-third of families don’t know a reason for filling out the FAFSA

Reasons to fill out the FAFSA

- To qualify for federal student loans: 50%
- To qualify for federal grants: 47%
- To qualify for need-based scholarships: 40%
- To qualify for federal work-study: 27%
- To qualify for merit-based scholarships: 23%
- None of the above: 1%
- Don’t know: 34%

More than 4 in 10 families don’t know FAFSA is for all students

Who should fill out the FAFSA

- All students: 56%
- Students from low-income households: 13%
- Students from middle-income households: 5%
- Students from high-income households: 2%
- Students from first-generation households: 3%
- Minority students: 5%
- Incoming freshmen: 5%
- Students already enrolled in college: 3%
- Don’t know: 29%
Only 6 in 10 families are planning to complete the FAFSA

- 50% of families planning to submit the FAFSA feel prepared

62% are definitely or probably planning to fill out the FAFSA

29% believe that submitting the FAFSA is a waste of time if your family makes too much money

Understanding the funding sources

FAFSA®
Financial aid
Scholarships
Loans
Many families are unfamiliar with the financial aid process

Even among those who are familiar, most aren’t 100% clear on what information is included in the financial aid offer letter
Understanding the funding sources

FAFSA®
Financial aid
Scholarships
Loans

Scholarships

Misconceptions about scholarships may stand in the way of making college more affordable

- 77% say earning a scholarship would make college more affordable
- 83% have started or are planning to research scholarships
- 45% believe scholarships are only for exceptional students

SOURCE: College Confidence: What America knows about paying for college

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Understanding the funding sources

FAFSA®
Financial aid
Scholarships
Loans

Half of families anticipate the need to borrow to cover college costs

Source: College Confidence: What America knows about paying for college
Many families don’t have a deep understanding of student loan debt

- In reality, federal loans account for 92% of the outstanding $1.7 trillion of student loan debt
Families’ understanding of funding sources varies significantly

- First-generation families require more information and guidance

Quiz

Identifying education funding sources

- Scholarships
  - 79% (✓)
- Grants
  - 68% (✓)
- Federal work-study
  - 27% (✓)
- 529 plan
  - 41% (✓)
- Pre-paid tuition plan
  - 14% (✓)
- Coverdell ESA
  - 4% (✓)
- Direct subsidized loans
  - 47% (✓)
- Direct unsubsidized loans
  - 46% (✓)
- Parent PLUS loans
  - 41% (✓)
- Private education loans
  - 65% (✓)

So what do we do?
College prep workshops can be helpful as families plan for college

Tools to help transition from high school to college

- College prep workshops: 99%
- Access to teachers or counselors: 40%
- Mentor programs: 37%

SOURCE: College Confidence: What America knows about saving for college

What would help make college more affordable?

- Access to planning tools and cost information sooner can help make college more affordable: 43%
- Finding out sooner how much they'll have to pay: 46%

SOURCE: College Confidence: What America knows about saving for college
Families are hungry for college financing education in high school

<table>
<thead>
<tr>
<th>Financial topics that should be taught in high school</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>How to pay for college using various resources</td>
<td>74%</td>
</tr>
<tr>
<td>Student loans</td>
<td>64%</td>
</tr>
<tr>
<td>How much college costs</td>
<td>68%</td>
</tr>
<tr>
<td>Savings accounts</td>
<td>63%</td>
</tr>
<tr>
<td>How to use credit cards</td>
<td>63%</td>
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<tr>
<td>FICO scores / how to manage credit</td>
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<tr>
<td>Investing</td>
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<tr>
<td>Retirement funds</td>
<td>47%</td>
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<tr>
<td>Mortgages</td>
<td>47%</td>
</tr>
<tr>
<td>None of the above</td>
<td>4%</td>
</tr>
</tbody>
</table>

In conclusion

College Confidence: What America knows about paying for college

For college-bound families, education is an investment, but many are confused and stressed about college financing.

College financing topics should be introduced in high school, earlier than senior year, to arm families with tools, knowledge and confidence to meet the cost of education.

Families are searching for reliable, trustworthy, comprehensive, and easy-to-understand resources to help them plan and pay for college.

Review full report at https://www.salliemae.com/collegeconfidence
Borrow responsibly
We encourage students and families to start with savings, grants, scholarships, and federal student loans to pay for college. Students and families should evaluate all anticipated monthly loan payments, and how much the student expects to earn in the future, before considering a private student loan.

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