

News Release

5 August 2015

SINGAPOREANS MAKING FINANCIAL SACRIFICES TO SEND KIDS TO UNIVERSITY, HSBC REPORT SAYS

**** 90% of parents see undergraduate degree as essential for children ****

****83% would pay extra to send children to study abroad****

**** 42% of parents say they do not have enough money left to save for children's education ****

Singaporeans see higher education, including overseas study, as a clincher for their children's future success and are sacrificing other needs to finance it, according to a global report by HSBC.

HSBC's *Learning for life* report, the second in The Value of Education series, surveyed more than 5,550 parents across 16 countries. The Singapore findings are based on a survey of 336 parents in Singapore who have at least one child aged 23 or younger currently (or soon to be) in education.

The report finds Singaporeans aspire for higher education for their children but are laggards in putting a plan in place to achieve this.

According to the report, 90% of Singaporean parents (versus 79% global average) think an undergraduate degree is essential for their children to achieve their life goals, yet only 66% are using savings to fund it and 23% are reliant entirely on day-to-day income.

Among those parents who have not yet saved anything towards the cost of their children's university education, 42% say they did not have enough money left to do so after paying day-to-day bills while 27% (versus 23% global average) have not planned for it.

Matthew Colebrook, Head of Retail Banking and Wealth Management, HSBC Singapore said: "Singaporean parents see tertiary qualifications as crucial for their children to stand out in the increasingly competitive job market and are prioritising this cost over other aspirations."

"However, this dynamic reveals a paradox in that Singaporeans place education towards the top of the family budget yet many are struggling to financially meet it. This situation can be prevented by planning early in their children's lives."

The premium for an international education

Singaporeans have high aspirations for their children to undertake international study with 81% of respondents (higher than 77% global average) saying they would consider sending their children abroad for university education.

Moreover, 83% (versus 77% global average) would pay more for an international education than for a domestic one. Fifty percent are prepared to pay at least a quarter more, while a third of respondents are willing to pay at least 50% more.

"Parents understand the value of overseas education and its ability to equip their children with a broader set of skills and experience. Unfortunately, the reality is that currency fluctuations, the cost of living and tuition, as well as the competition for highly sought-after universities, are posing additional barriers for the parents and their children to pursue their aspirations," Colebrook said.

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Despite the intention to send children for an international education, Singaporeans are also one of the most deterred by the financial hurdles that come with it. Two in five Singaporean parents (43%) say that they would like to send their child to study at university abroad, but can't afford it. The percentage exceeds the global average of 34% and is the second highest, after Indonesia (58%), amongst the seven Asian countries surveyed in the report.

He added: "It's worrying that parents are struggling to save or pay for their children's education. They should start planning as early as the child is born and ensure that saving for education forms an integral part of their long-term financial plans."

"Parents should also take into consideration their needs, risk appetite, time horizon and financial position for their financial planning. At HSBC, we have adopted robust goal planning tools to help parents quantify the gaps and keep track of their financial plan progress to ensure their desired goals are met."

HSBC's research identified practical steps for planning children's education

1. **Plan for higher ambitions** – think about the financial implications of your children staying at university for longer if they are pursuing postgraduate qualifications, and have a plan for meeting those needs
2. **Ask for advice** – seek advice and make the most of the resources available for a better idea of the opportunities and pitfalls involved in making university choices
3. **Allow for extra** – be sure to allocate sufficient money to support your children's educational development from the earliest stages
4. **Encourage independence** – start teaching your children how to manage their finances from an early stage as becoming financially responsible is an essential step towards adulthood
5. **Save more, repay quicker** – to minimise the impact of borrowing, start saving early and don't let your plans get derailed

For more details, please visit <http://www.hsbc.com.sg/1/2/personal/wealth/education>

- Ends/More -

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Notes to editors:

The Value of Education *Learning for life*, was published in July 2015 and represents the views of 5,550 parents in 16 countries and territories around the world: Australia, Brazil, Canada, China, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, Turkey, United Kingdom, United Arab Emirates and United States.

The survey was conducted online in by Ipsos MORI in March and April 2015, with additional face-to-face interviews in the UAE. The findings are based on a nationally representative survey of parents in each country who have at least one child aged 23 or younger currently (or soon to be) in education, and who are solely or partially responsible for making decisions about their child's education. There was a minimum sample of 300 parents in each country.

HSBC Group

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from over 6,100 offices in 73 countries and territories in Asia, Europe, North and Latin America, and the Middle East and North Africa. With assets of US\$2,670bn at 31 March 2015, HSBC is one of the world's largest banking and financial services organisations.

- Ends/All -

Parents in Singapore make financial sacrifices to send kids to universities

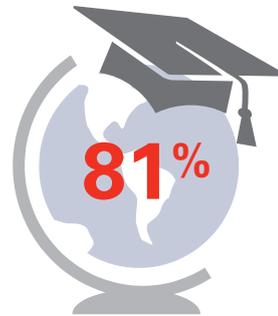
The Value of Education *Learning for life*

Responses from 336 parents in Singapore, from a global survey of 5,550 parents in 16 countries and territories



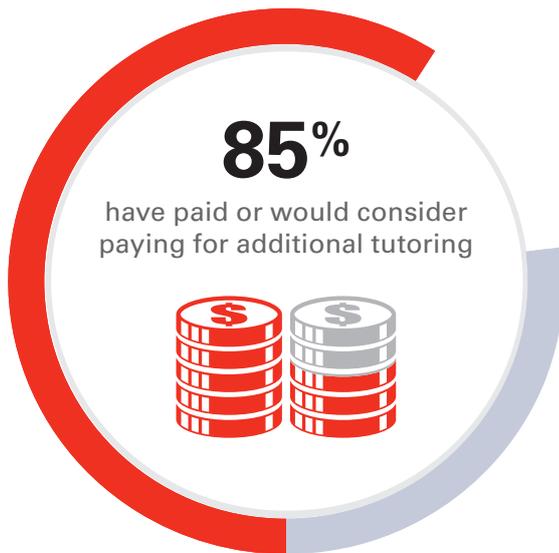
90%

of parents see an undergraduate degree or higher qualification as essential to their child achieving important goals in life

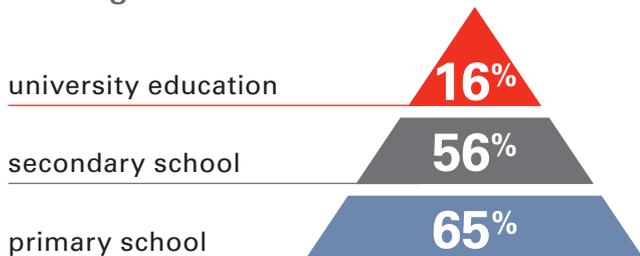


81%

of parents would consider sending their child to **university abroad**



Parents have paid for additional tutoring at:



Parents who would consider an international university education are **willing to pay more**

30% would consider paying at least half as much again*

50% would consider paying at least a quarter more*

*than the cost of university in Singapore

The struggle to save:
Parents recognise the need to save but have not put it into action

