

**ACCOUNTING**  
**PRINCIPALS**

**Accounting Principals  
Workonomix Survey Series:  
Post-Graduation Debt & Spending**

**June 20, 2012**

# Survey Background

## Background

- Accounting Principals polled 507 recent grads with a four-year degree about their debt, salary, disposable income, and finance knowledge as a recent graduate.

## Methodology

- Telephone survey of 507 recent college graduates of four-year degree programs
  - Ages 22-26
  - Fielded by Braun Research
  - Conducted May 25-June 2, 2012
- Differences between various demographics groups were also explored:
  - Gender
  - Age
  - Education
  - Geographic Region
  - Employment Status
- Survey results have a margin of error +/- 4.37% for this sample size.

# Key Findings: Price of a College Education

- The average recent college graduate leaving school with student loans or debt does so to the tune of nearly \$40,000.
  - On average, students with some form of debt owe \$27,029 in student loans and \$12,742 in other debt (i.e. credit card debt).
  - The majority of graduates are walking away with debt almost equal to their starting salary. More than half (65%) of recent grads earned \$45,000 or less at their first job after college.
- Overall, male graduates are more in debt after graduation than their female counterparts.
  - On average, male recent graduates owe 28 percent more in student loans than female recent graduates (\$30,508 vs. \$23,892 respectively).
  - Male recent graduates also have more than twice as much nonstudent debt (i.e. credit card debt) than female recent graduates (\$17,858 vs. \$8,574 respectively).
- Although more than two-thirds (68%) of recent graduates have accumulated some form of debt, there is still a sizable group of recent college graduates who managed to graduate college free of any debt.
  - Almost two in five recent graduates (39 percent) do not have any student loans and almost half of all recent grads do not owe any other debt other than student loans (49 percent).
- Although recent grads are coming out of school with a lot of debt, they are smart about their finances and know the implications of the debt they've taken on.
  - Approximately three quarters (79 percent) of graduates with student loans know the payment dates of their student loans, the amount they owe for their loans (73 percent) and their interest rate (71 percent).
  - However, there's still a lot that they need to learn about the minutia of their debt terms. More than half (55 percent) don't know the implications of defaulting on their loans.

# Key Findings: The Real-World Reality of a Recent Grad

- Many recent graduates were a bit disillusioned in their thinking about what they could actually afford after college. More than two in five (42 percent) recent graduates thought they would have more disposable income than they actually do as an employed recent graduate.
  - Their misconceptions might have been because they thought they'd have a higher starting salary. More than two in five (43 percent) recent graduates expected to receive a higher starting salary.
- The truth is that the reality of being a recent grad is grim, only one in five (17 percent) can actually afford all the necessities included in the survey (i.e. groceries, rent, cell phone, car and student loan repayment)
- However, when it comes to the non-necessities, recent grads had a more realistic idea of what they'd be able to afford post-graduation.
  - One-fifth (20 percent) of grads believed they would be able to afford all the non-necessities such as vacations, cable/internet, shopping, socializing with friends, eating out and furnishing their apartments in addition to their basic living expenses. In actuality, nearly the same amount (16 percent) is actually able to afford all of the non-necessities in addition to necessities with their starting salaries.
- Regardless of what they can (or can't) afford, recent graduates may be content with their salaries compared to their friends. The survey found that only a quarter (25 percent) are envious of their friends' starting salaries.
- Knowing what they know now about the cost of living, recent graduates would have been more proactive about finances during college. Nearly a third of recent graduates would have:
  - Actively pursued more scholarships/financial aid options (35 percent).
  - Pursued a different major that would have led to a job with a higher starting salary (31 percent).
  - Gotten a job while in college and started saving earlier (31 percent).

# Key Findings: Grads are Anxious to Learn About Finances

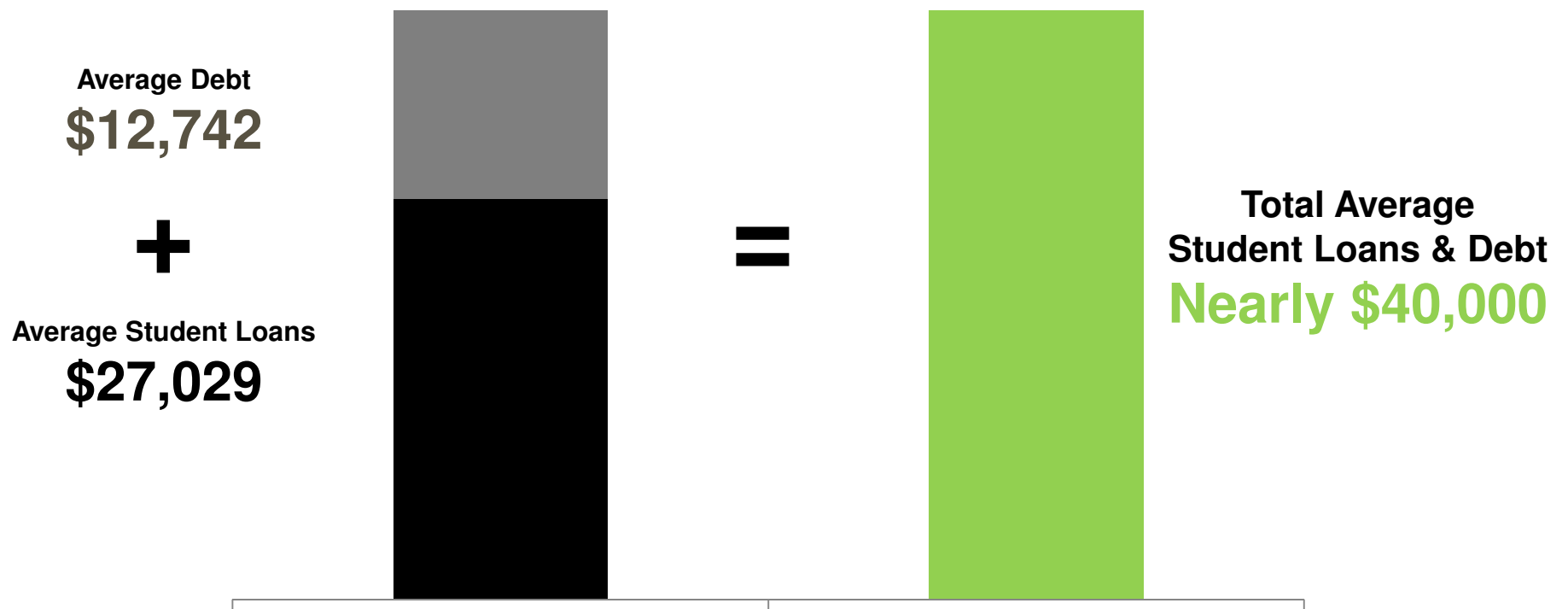
- Recent graduates do what they can when it comes to saving for the future.
  - Four in five (80 percent) recent graduates regularly contribute to a savings account; yet, only 38 percent contribute to a retirement account. Even fewer recent grads contribute to an unexpected emergency fund (31 percent), personal investments (22 percent) or a life insurance policy (19 percent).
  - One in ten (10 percent) does not regularly contribute to any type of savings account or fund.
- Although grads are doing what they can when it comes to saving for the future, they would appreciate some financial education from their employers.
  - More than two in three (68 percent) recent graduates say that their employer does not provide a financial education/personal finance training course or materials. However, nearly half (48 percent) said they would participate in a financial education program if it was offered.
- That said, grads are pretty savvy when it comes to understanding their paycheck.
  - At least three in five recent graduates know how much is taken out of their paycheck in taxes (75 percent), how much money from their paycheck goes towards Social Security (60 percent), and what withholdings to claim on their W-2 (60 percent).

# MAIN FINDINGS

## THE PRICE OF A COLLEGE EDUCATION

# Recent grads leaving school with student loans or debt do so with an average of nearly \$40,000

On average, students with some form of debt owe **\$27,029** in student loans and **\$12,742** in other debt (i.e. credit card debt).



# Male grads owe more in debt than female grads, yet many recent grads are debt free

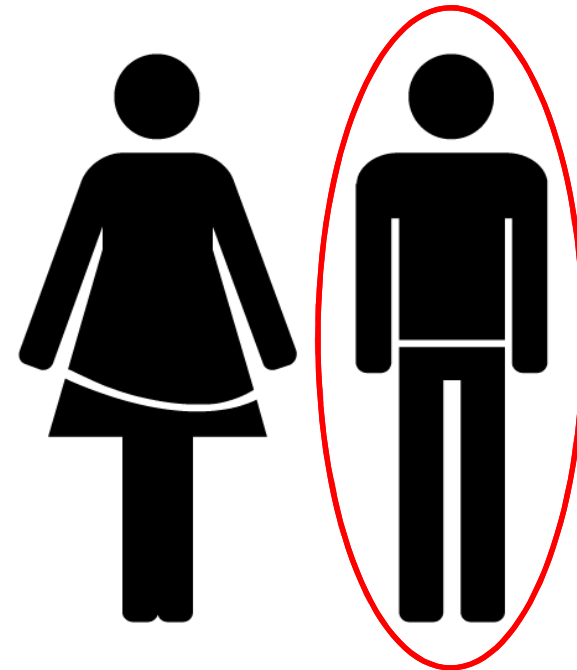
Although nearly half (47 percent) of recent grads have accumulated debt, there is still a sizable group of recent college grads who managed to graduate college free of any debt.

Overall, **male grads** are more in debt after graduation than their female counterparts.

Grads with no student loans



Grads with no non-student loan debt



Average Student Loans

\$23,892

**\$30,508**

Average Non-Student Loan Debt

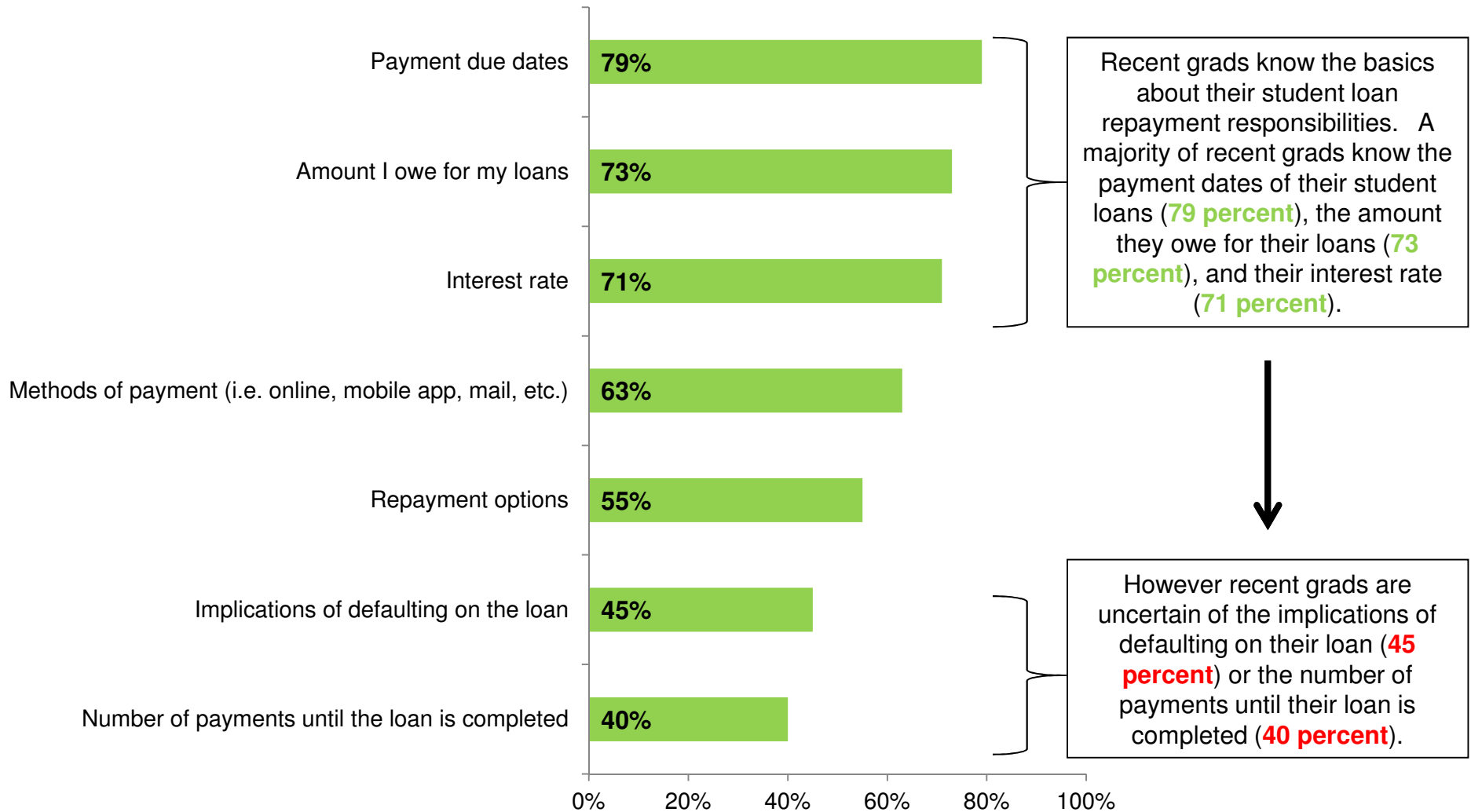
\$8,574

**\$17,858**



# Recent grads who have debt are smart about their finances

*Which of the following, if any, do you know about as it relates to your undergraduate student loans:*



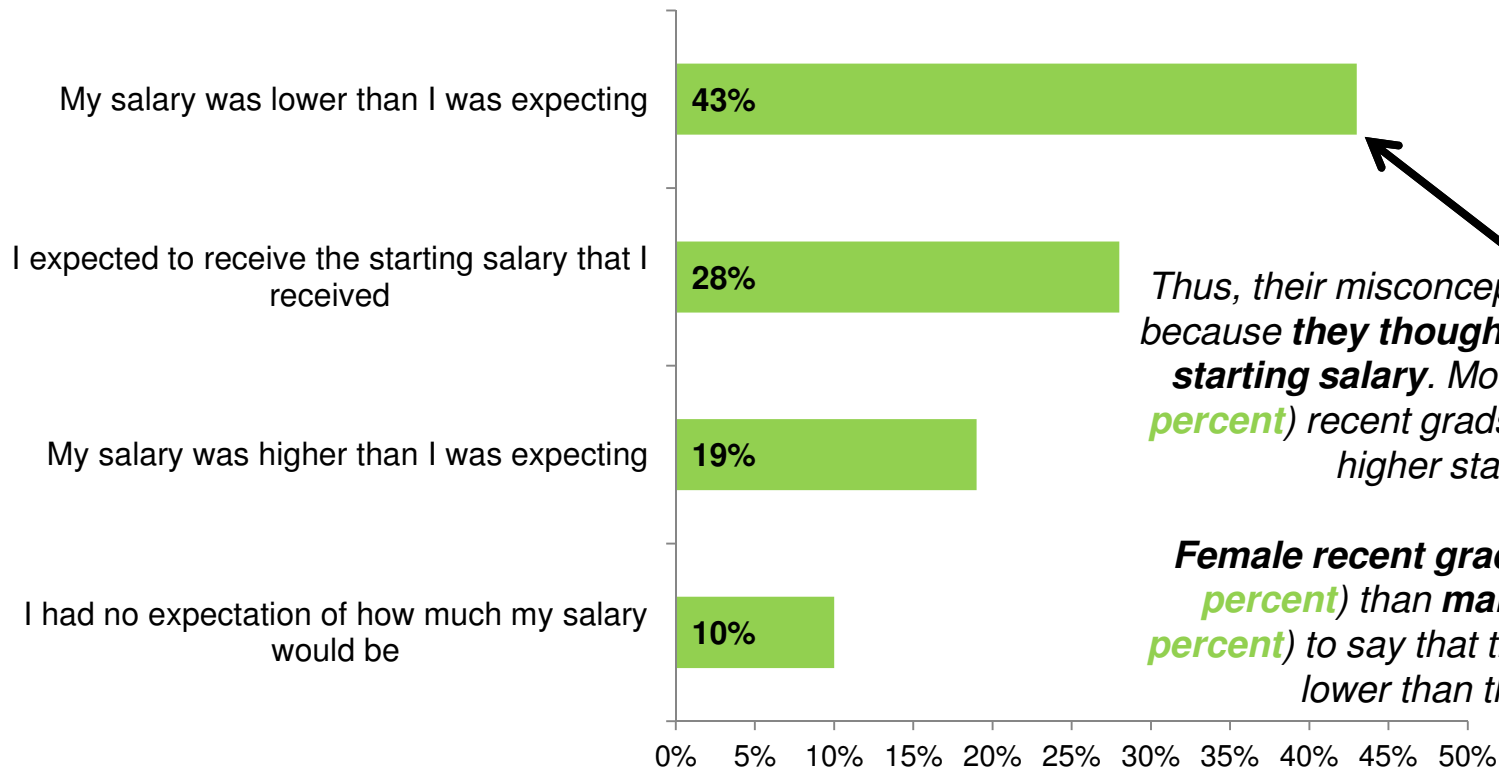
# MAIN FINDINGS

## THE REAL-WORLD REALITY OF A RECENT GRAD

# Recent grads are disillusioned with real-world reality

When more than two in five (**42 percent**) recent grads were back in school, they thought they would have more disposable income than they actually do as employed recent graduates.

\$\$\$\$\$\$\$\$\$\$\$\$  
**42%**



Thus, their misconceptions might have been because **they thought they'd have a higher starting salary**. More than two in five (**43 percent**) recent grads expected to receive a higher starting salary.

**Female recent grads** are more likely (**49 percent**) than **male recent grads** (**37 percent**) to say that their starting salary was lower than they expected.

# The reality of being a recent grad is quite grim

*Only one in five (17 percent) recent grads indicated they can actually afford all the life necessities included in Accounting Principals' survey (i.e. groceries, rent, cell phone, car and student loan repayment).*

However, when it comes to the non-necessities, recent grads had a **more realistic** idea of what they'd be able to afford post-graduation.

Grads who **believed** they would be able to afford all the non-necessities

**20%**



Grads actually **able** to afford all of the non-necessities

**16%**



Non-necessities include vacations, cable/internet, shopping, socializing with friends, eating out and furnishing their apartments.

# Grads may be content with their salaries but wish they would have been more proactive about finances in college

*Knowing what they know now about the cost of living, approximately a third of recent grads would have been more proactive about finances during college by:*

Actively pursuing more **scholarships/financial aid** options, **35%**



Pursuing a **different major** that would have led to a job with a higher starting salary, **31%**



Getting a job while in college and starting to **save earlier** **31%**



**Recent Grads are on the Same Page When It Comes to Salaries**

**One quarter (25 percent)**  
of recent grads are envious of their  
friends' starting salaries.

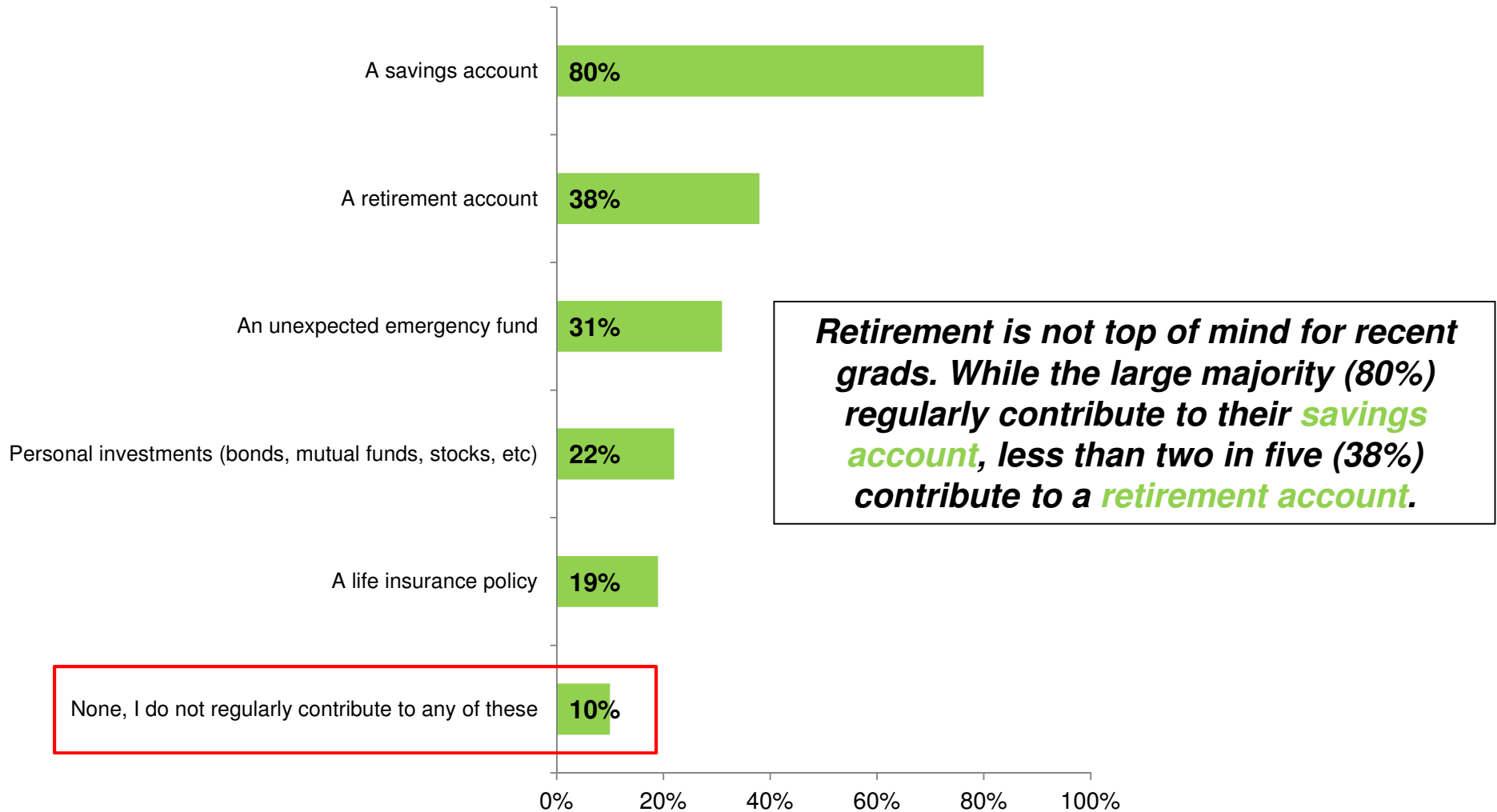


# MAIN FINDINGS

GRADS ARE ANXIOUS TO LEARN ABOUT FINANCES

# Recent grads do what they can when it comes to saving for the future

*Which of the following, if any, do you regularly contribute to?*



# Grads would appreciate some financial education from their employers

More than two in three (**68 percent**) recent grads say that their employer **does not provide** a financial education/personal finance training course or materials.



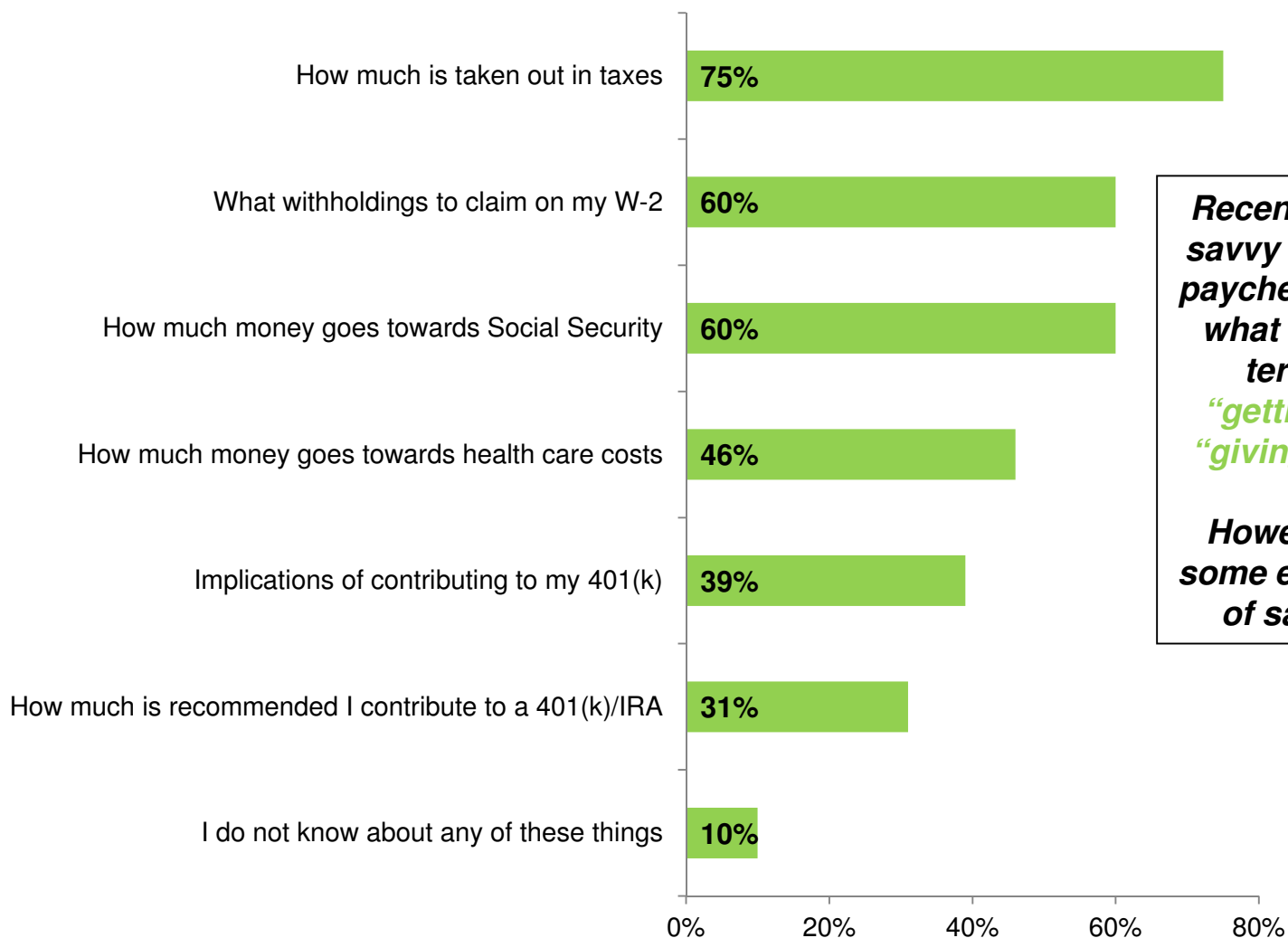
However, nearly half (**48 percent**) said they **would participate** in a financial education program through work if it was offered.

More female recent grads (**53 percent**) than male recent grads (**42 percent**) say their **employer does not provide** financial education/personal finance training courses or materials, but **they wish they did**.



# Grads are pretty savvy when it comes to understanding their paycheck

*Which of the following, if any, do you know about as it relates to your paycheck:*



***Recent grads are financially savvy when it comes to their paychecks. They understand what the numbers mean in terms of what they're "getting" and what they're "giving" to the government.***

***However, grads could use some education in the effects of saving for retirement.***

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