

WHITEPAPER

# FINANCIAL PLANNING IN THE ERA OF **RISING** **EDUCATION COST**

Executed by Nielsen IQ & Supported by PNB MetLife



# ABOUT US



PNB MetLife India Insurance Company Limited (PNB MetLife) is one of the leading life insurance companies in India (according to CRISIL). Its shareholders include MetLife International Holdings LLC (MIHL), Punjab National Bank (PNB), M. Pallonji and Company Private Limited, Jammu & Kashmir Bank Limited (JKB), and other investors, with MIHL and PNB being the promoters of the company. PNB MetLife has been present in India since 2001.

PNB MetLife brings together the financial strength of a leading global life insurance provider, MetLife, Inc., and the credibility and reliability of PNB, one of India's oldest and leading nationalized banks. The vast distribution reach of PNB together with the global insurance expertise and product range of MetLife makes PNB MetLife a strong and trusted insurance provider.

## METHODOLOGY

Important Disclosures: PNB MetLife India appointed NielsenIQ India for conducting a survey under SEC A:86% | B:14%, aged between 25-45 years (25-30:25%, 31-35: 28%, 36-40:27%, 41-45:20%) inclusive of both Men 55% and Women 45% from salaried 55%, businessmen 40% & others 5% all were among Sole/Joint decision makers for the Child's Education. The survey was executed in 10 cities (Bengaluru – 129, Chandigarh – 109, Chennai – 132, Delhi – 112, Kolkata – 109, Lucknow – 118, Mumbai – 143, Ludhiana – 132, Patna – 112) covering sample size of 1096 Indian adults. Data was collected via computer assisted web interviews (Online Survey). The survey was fielded between February 10th to 28th February 2023. The margin of error for this study is +/- 3%.





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# RESEARCH OBJECTIVES

1



To understand the **needs, triggers & barriers** pertaining to Financial Planning for Child Education

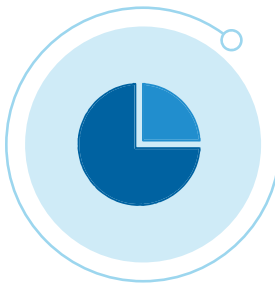
2



To understand the **key influencers/ influencing parameters** which persuade parents to have a Child Education Plan

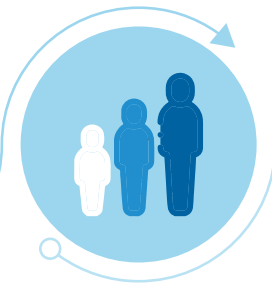


# RESEARCH DESIGN



## Socio Economic Classification

A: 86%  
B: 14%



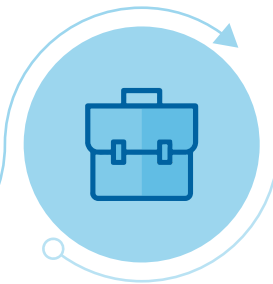
## Age

25-30: 25%  
31-35: 28%  
36-40: 27%  
41-45: 20%



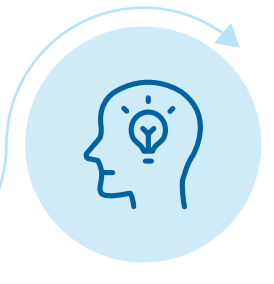
## Gender

Male: 55%  
Female: 45%



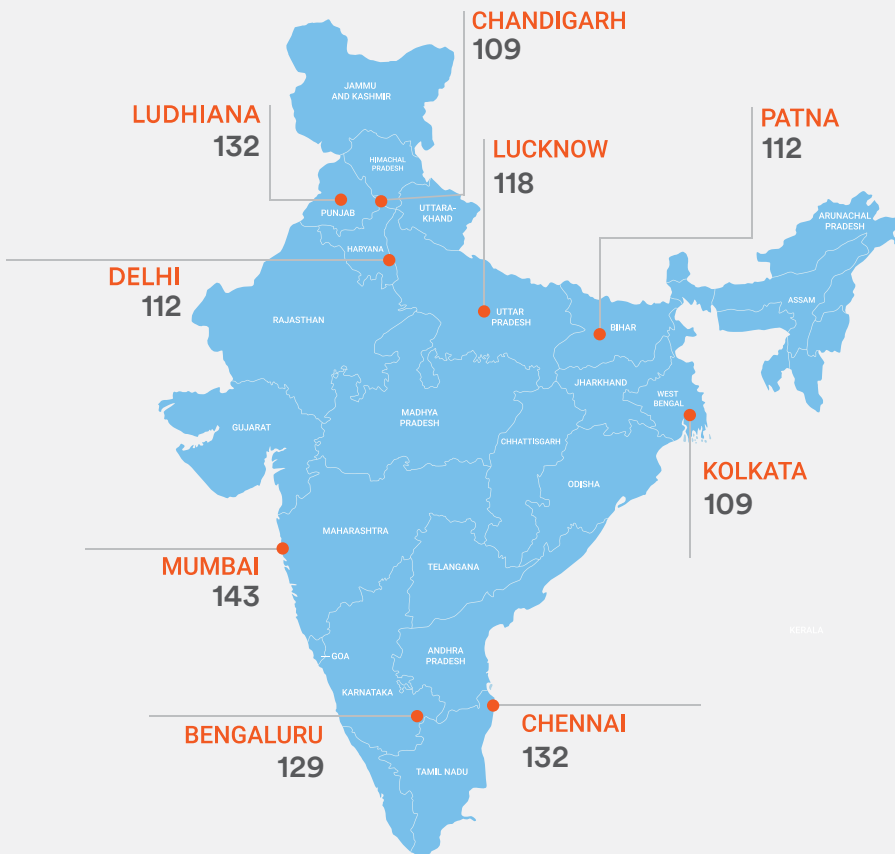
## Occupation

Salaried: 55%  
Business: 40%  
Others: 5%



## Sole/Joint Decision maker for child's education

## GEOGRAPHIES



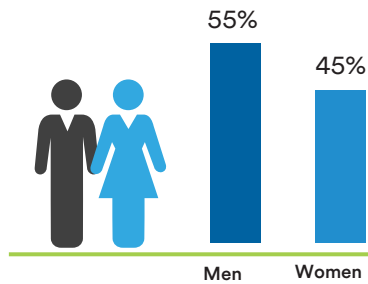
Interviews Conducted

Survey Period  
10<sup>th</sup> to 28<sup>th</sup> Feb'23

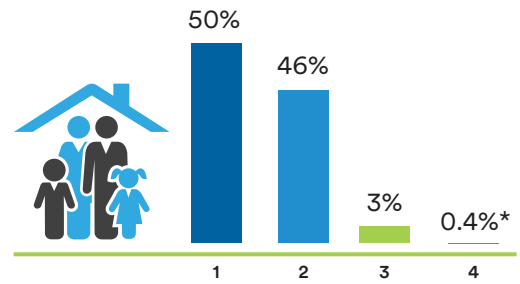
# CONSUMER PROFILE

A good mix of parents from **all age groups** had been a part of this study. Most of the families interviewed have **1 or 2** children, with an **average age of 9 years** and mostly studying in **CBSE**

## Gender (Parent)

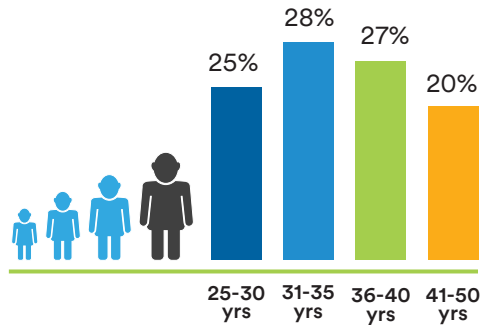


## No. of Kids

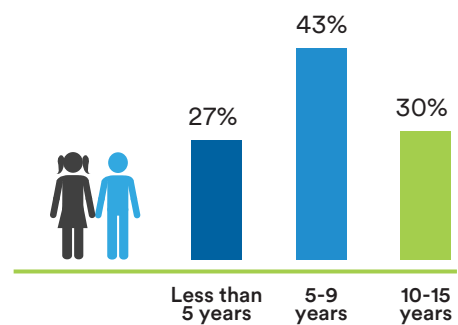


More than three\*

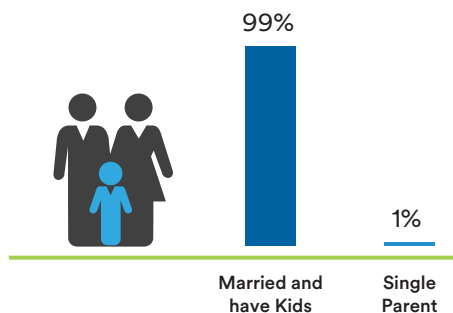
## Age (Parent)



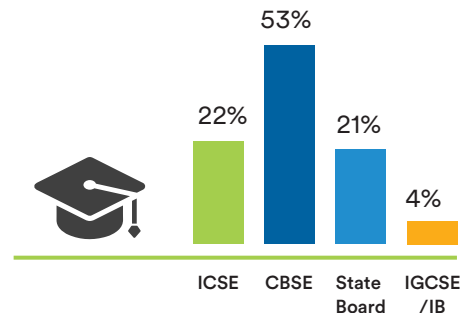
## Age of Kids



## Life-Stage



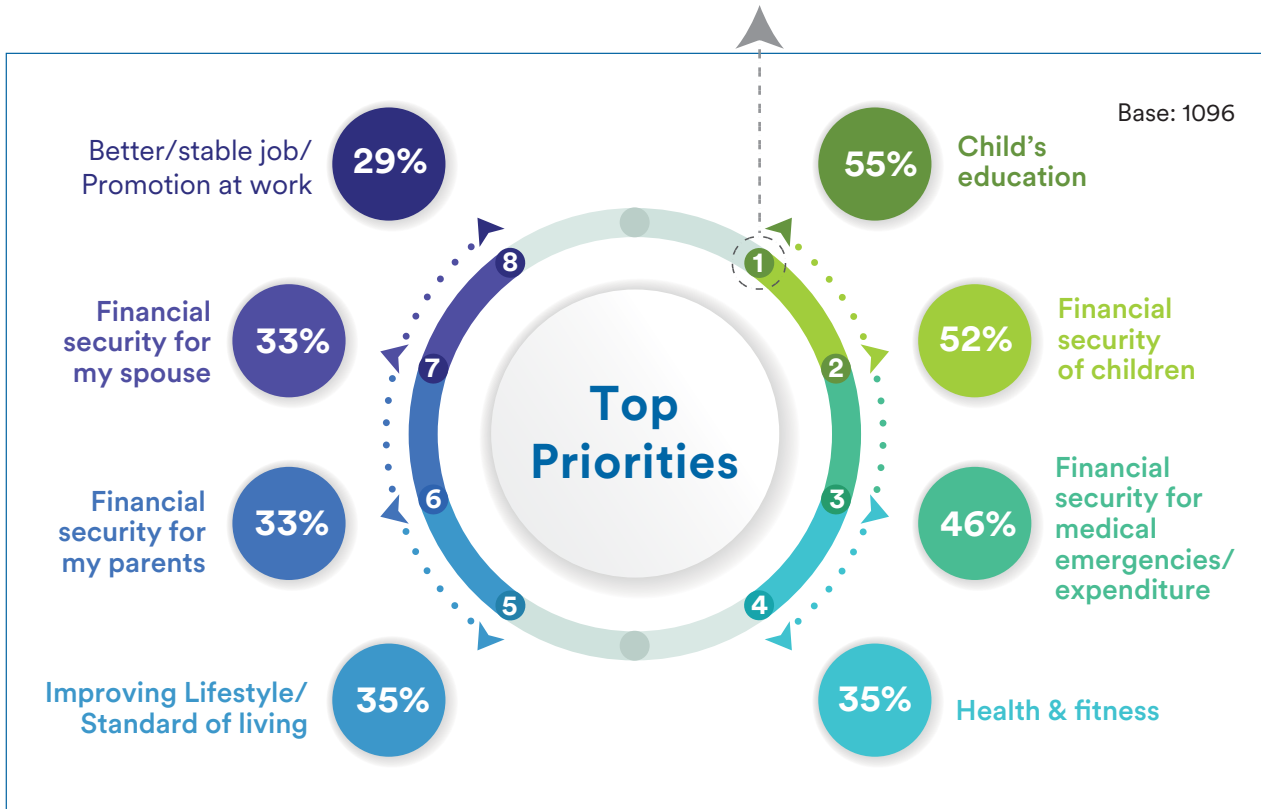
## Education Board (Youngest Child)





# TOP FINANCIAL PRIORITIES

- More than 50% of the parents have ‘**financial planning for their Child’s Education**’ as a **top priority**
- Parents are **willing to push/postpone** their **lifestyle & aspirational-related** desires to **prioritize their Child’s Education**



## Postponing other priorities for Child's education

Base	603
Lead a luxurious life	39%
Improving my standard of living/lifestyle	36%
Travel more (Domestically/Internationally)	36%

Amongst those who claimed that their **Child's Education** was their top priority, over **one in four parents (28%) have not currently invested** in an education plan.

Nearly **2 out of 3 (62%)** of consumers from **South** (i.e., Bangalore and Chennai) said that '**Child's Education**' was their **top priority**.

All figures are in % except base.

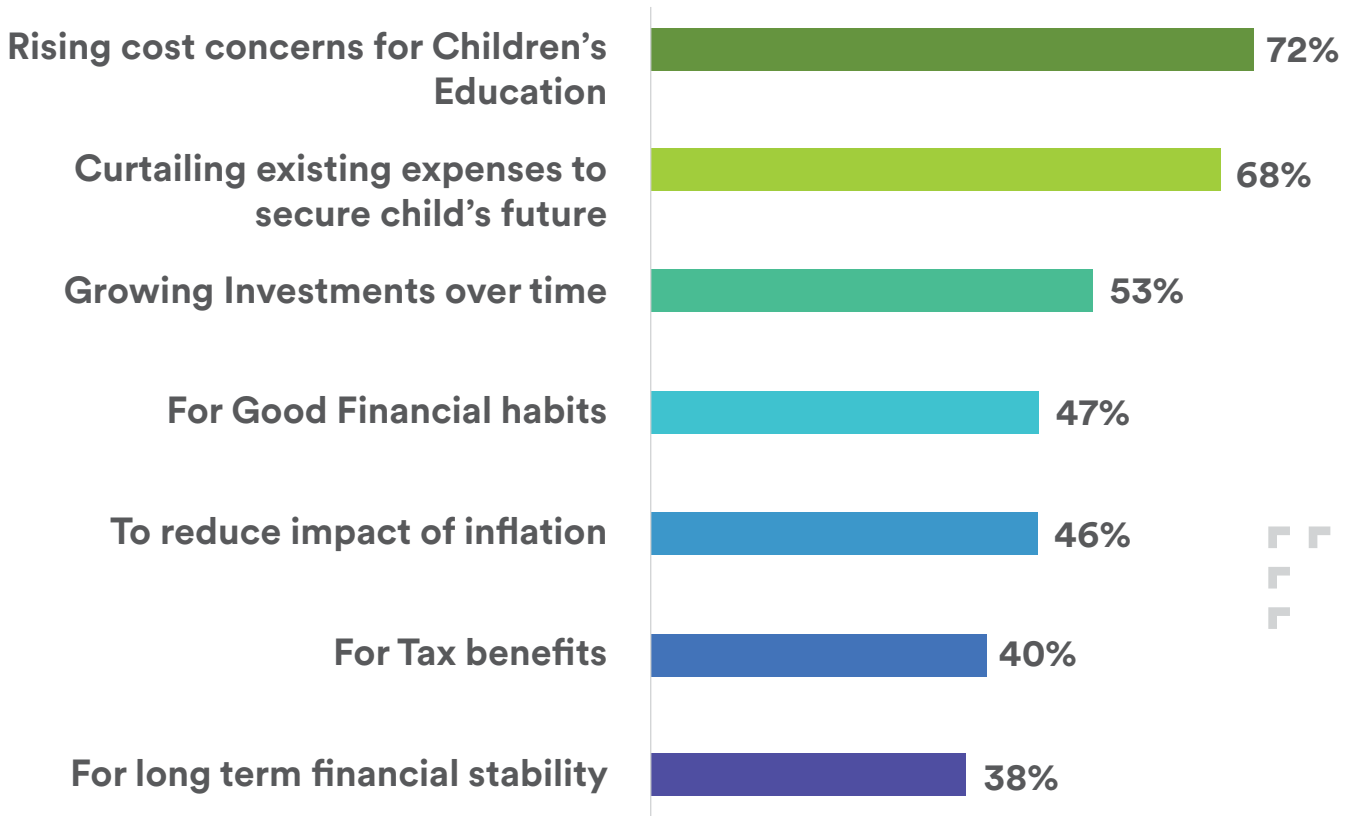
Q. What are your top five financial priorities?

Q. You mentioned that "Providing for my child's future/education" is one of your priorities in life. We would like to know which of the other priorities will you be okay to postpone or give up providing for your child's future/education?

# FACTORS INFLUENCING INVESTMENT DECISIONS FOR CHILDREN'S EDUCATION

**Rising cost concerns for Children's Education** is the driving factor that is influencing investment decisions amongst most of the parents

## Factors influencing decisions



**Significantly fewer intenders (33%)** compared to current owners (42%) of an Education Plan are influenced by the **tax benefits** provided by the investment plan.

Base: 1040

All figures are in % except base.

Q. You said that you are looking to invest/ or have invested for your child's educational plan, could you tell me about the reasons for the same?



# COST OF CHILD'S EDUCATION & ACTIVITIES

With a cumulative average **spend of INR 4.06 Lakhs** p.a., spends on **Extracurricular Activities** amount to **42%** of the total avg. expenditure

Annual Spends in INR		
	Spend on Education	Spend on Extracurricular Activities
Average Spends	INR 2.36 Lakhs	INR 1.70 Lakhs

**Business people** spend a cumulative average of **INR 5.30 Lakhs** p.a. on schooling and non schooling (Extracurricular) activities.

The cumulative average expenditure for children in **CBSE** is **INR 3.50 Lakhs**.



Base: 1096

All figures are in % except base.

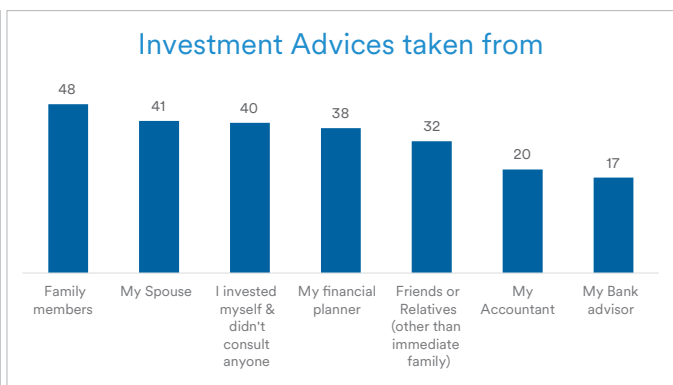
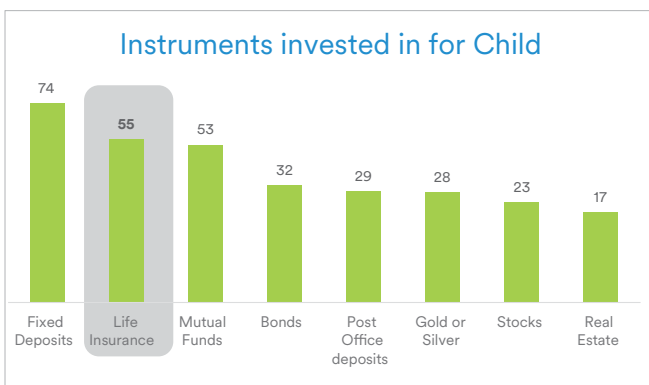
Q. If we were to talk of the amount you spend on your child's schooling (for youngest child) each year which of the following ranges, would it fall into?

Q. If we were to talk of the amount you spend on your child's activities apart from education (for youngest child) each year which of the following ranges, would it fall into?

# CURRENT INVESTMENT BEHAVIOUR

- **78%** customers mentioned that they **have invested** in some way for education of their children
- **Life Insurance (55%)** is among the **top 3 instruments** invested in for covering a **Child's Education needs**
- **Family members** are the main source for advice related to investment

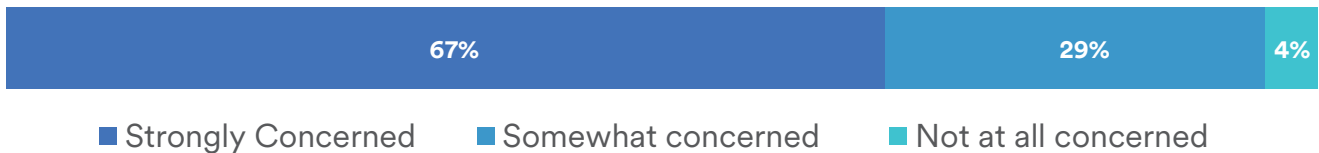
Invested in education plan for children	Zones					Occupation	
	Total	North (A)	East(B) (B)	West (C)	South (D)	Salaried (E)	Business Person (F)
Base	1096	471	221	143	261	608	436
Yes	78%	80%	83%	74%	72%	74%	82%
No	22%	20%	17%	26%	28%	26%	18%



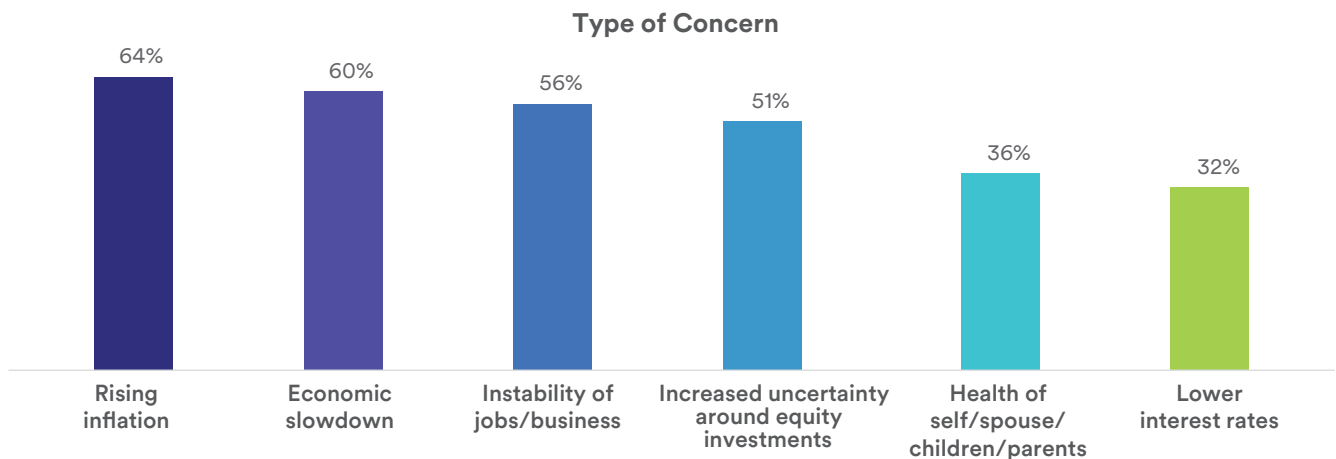
Base: 853  
 All figures are in % except base.  
 Q. Could you tell me if you have invested in an Educational Plan for your child?  
 Q. Could you tell me which of these have you invested in for your child?  
 Q. Could you tell me who's advice you took before investing in the above instruments.

# CONCERNS ABOUT ACCUMULATING FUNDS REQUIRED FOR THEIR CHILD'S EDUCATION

- **Two-Thirds** of parents **expressed a strong concern** about **accumulating funds** required for their child's education;
- **Increase in cost** due to **inflation** followed by **economic slowdown** are the main concern towards accumulating funds



Base: 1096



Base: 1049

Despite investing in an education plan, **72% of parents express strong concern** related to accumulating the necessary funds.

36% of the respondents (More than 1 in 3 parents) **misjudge the expense** they would incur on their child's education and end up **overshooting their budget** by a substantial magnitude of ~27%.

Base: 1096

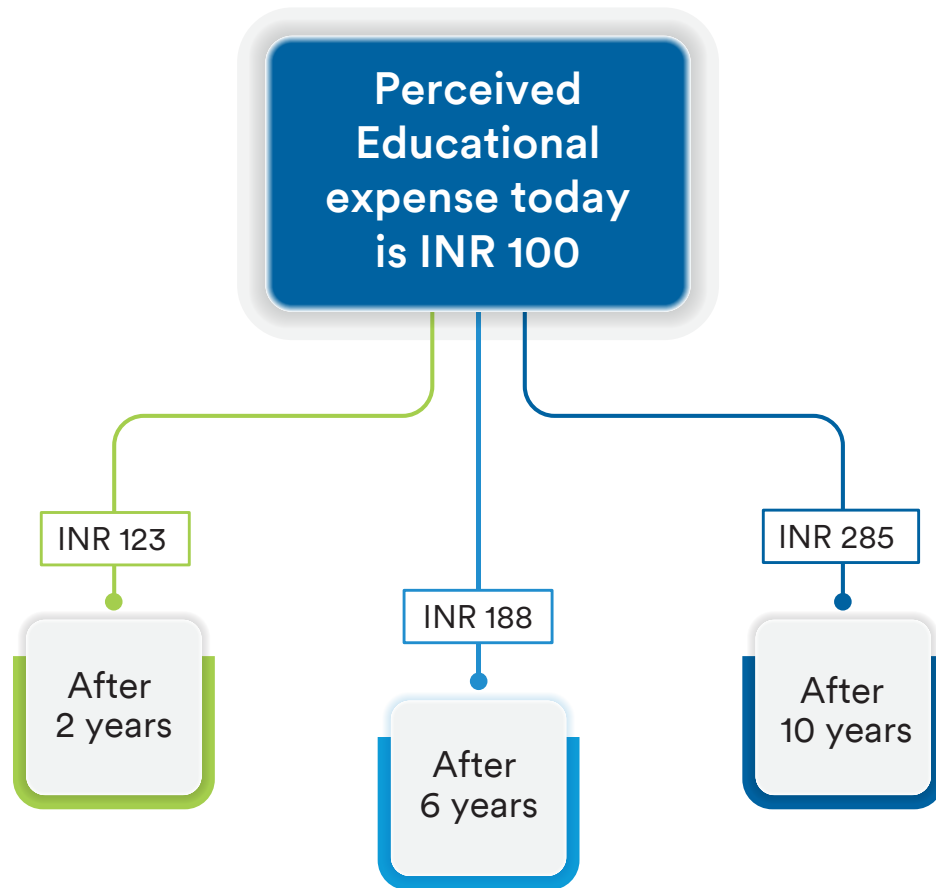
All figures are in % except base.

Q. To what extent are you concerned about accumulating the funds needed for your child's education?

Q. Please SELECT TOP 3 CONCERNS about planning your funds for your child's education?

# PERCEIVED INCREASE IN CHILDREN'S EDUCATION EXPENSES

After 10 years, parents expect their **Child's Educational Expenses** to become nearly **3x**



Derived from secondary sources



Base: 1096

Q. Assume you are spending Rs. 100 in a year on your child's education. What do you think will be your expenditure 3 years from now?  
Claims made by PNB MetLife assuming a CAGR of 10% in the next 10 years.



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